NLWJC - Kagan

DPC - Box 007 - Folder 015

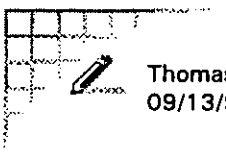
Consumer Protections - Food Safety
Country of Origin

cuts pro-food safety - country of origin

and

BOTH 1999

cattle diet
inoculation w/ food bacteria
HACCP - small plants?



Thomas L. Freedman
09/13/98 03:15:45 PM

comprehensive exit plan, w/ new things?

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc: Mary L. Smith/OPD/EOP, Laura Emmett/WHO/EOP

Subject: Country of Origin and food safety

What is this?

Attached is a note on the status of food labeling.

In addition, I have given some more thought to the question Elena raised last week -- what should be our new program for food safety? For the past year we have emphasized the need for greater resources (the $101 million Initiative) and an improved organization of agencies (the Research Institute and the Food Safety Council). Perhaps the next emphasis should be put on improving standards and enforcement. The elements to this could be, but not limited to, a.) trying to get states to adopt our food safety code; b). pushing for USDA to be given recall authority for tainted food; and c.) some more food specific regulations (similar to juice) which we could explain is part of this yearlong effort. The idea would be that we would line up this third element of standards as the key part of the upcoming year, even as we move ahead on making sure we get sufficient resources and make sure the Council works. It would likely not be a significant cost in the budget. I plan on going ahead and sitting down with agency folks and pushing this idea and see what new major things they could add to such a standards package. I think it might be the germ of a good idea.

What?

Country of origin labeling.

1. Recent events. Last week Secretary Glickman met with Senators Johnson, Craig, Burns, Baucus, and Dorgan (as well as staff from other offices, including Senator Daschle) to discuss the country of origin labeling amendment to the Ag Approps bill. In the meeting, Secretary Glickman made it clear that he was not present to give the Administration's position or support for the amendment but rather to provide technical assistance relative to concerns raised by the amendment. He also indicated that other agencies, such as USTR, DPC, OMB, State, FDA and Customs must be consulted on this issue.

2. What the Amendment does. The amendment as adopted would only apply to beef and lamb (not pork or poultry) and would require "imported" labeling rather than individual country of origin labeling, which is a legal problem relative to our trade agreements (and one of the areas in which the Senate will change). It would apply to muscle cuts as well as ground and processed products. The amendment would not allow cattle that are shipped into the U.S. in sealed trucks for slaughter to bear the U.S. label (which is allowed under current law). On the other hand, cattle that were fed at a U.S. feedyard for 1 week, for example, would be labeled U.S.

USDA also raised issues about providing for civil penalties for violations of the country of origin requirements if enacted. Currently, USDA can only impose criminal penalties (and the Admin. is seeking broader civil penalty authority via the Harkin bill). USDA also raised issues about providing USDA the authority to traceback product and expressed concerns that we did not want to divert

2 see above - what is this?

resources from food safety to implement and enforce this amendment. (informal agency estimates of about $6.5 million for a study as well as rulemaking and enforcement)

An additional issue that was not raised in the meeting has to do with the timing of the amendment. As drafted, there are several different timeframes, with 4 months being the tightest, for promulgating rules. USDA intends to communicate to staff about the need for realistic timeframes for rulemaking.

3. Future in conference. It is unclear what will occur on this issue during conference. Ways and Means Chairman Archer has objected to this amendment (as well as the fruit and vegetable country of origin amendment), and Senate Ag Chair Lugar and House Ag. Chair Smith have also objected. Industry is strongly opposed, but the
National Cattleman's Beef Association, National Farmers Union, and American Farm Bureau Federation strongly support. Consumer groups generally support country of origin labeling but do not view this as a high priority issue (they would support the traceback authority).

The bipartisan group of Senators with whom Secretary Glickman met indicated that they would fight strongly to include the amendment and also expressed interest in working to address some of the concerns about the amendment.

dupes - food safety - country of origin

Thomas L. Freedman
08/25/98 02:43:51 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Mary L. Smith/OPD/EOP

cc: Laura Emmett/WHO/EOP
Subject: Food Safety

1. Mary and I went over to the press conference, it looked fine-- 10 cameras including the three networks. I think the story will have trouble breaking through.

2. Today's WP Fed page has a leaked internal USDA memo opposing country of origin labeling. Glickman reportedly feels this was a calculated internal leak to lock him into this position. That bothers him and to push back, at the press conference he made a point of saying he is going to try and find a way to get something on labeling done. This is the best hope for this -- getting him to move his internal and trade bureaucracies. USDA will talk to Senator Johnson (the sponsor) and see if we can't come up with something.

Food safety - country of origin

Food Industry Trade Coalition

U.S. Food Industry Feeding the World

Bruce
Tom Freedman
Where are we on this?
Elena

August 13, 1998

Ms. Elena Kagan
Deputy Assistant to the President
Domestic Policy Council
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Ms. Kagan:

The Food Industry Trade Coalition would like to bring to your attention two provisions in the Senate-passed version of H.R. 4101, the Fiscal Year 1999 Agriculture Appropriations bill. One would mandate import labeling to accompany all beef and lamb products offered for sale to consumers in the U.S. The other would mandate country of origin labeling for imported produce at the retail level. We urge you to call for the elimination of both of these provisions from the final bill.

Meat Labeling Provision

The meat labeling provision would require immediately upon enactment that all beef and lamb sold to consumers in the U.S. be accompanied by labeling identifying it as "United States," "Imported" or "Blended with Imported." The estimated cost to retailers, foodservice operators and the beef and lamb industry will exceed $100 million.

In addition, processed meats which contain any trace of imported beef or lamb must be accompanied by labeling stating either "Blended with Imported" or "Contains xx Percent Imported." Thus a predominantly pork or turkey hot dog, for example, will bear a new label if it contains any imported beef or lamb.

Any fresh, ground or processed beef or lamb not correctly identified as "United States" or "Imported" or "Blended with Imported" would be considered misbranded, triggering possible criminal prosecution under the Federal Meat Inspection Act of all businesses that distribute and sell those meat products.

If this provision is retained, you can expect the following consequences:

Beef will lose more market share to chicken and pork. Forty percent of the beef consumed in the U.S. is ground beef, and 20 percent of that ground beef is made from imported lean trimmings. The labeling requirements will lead to consumer confusion and, therefore, will discourage the use of imported lean beef, thus reducing the supply of

ground beef. This will raise ground beef prices and turn consumers away from the most popular single beef item and toward other convenient, economical alternatives - such as chicken and pork.

Beef and lamb producers will suffer more economic losses. Feeder cattle prices will drop because Canadian producers will increase shipments to the U.S. of feeder cattle which, after having been fed in the U.S., will qualify for "United States Beef" labeling. Foreign beef and lamb diverted from the U.S. market will now compete more aggressively with U.S. beef and lamb in export markets, hurting U.S. exports. We can also expect that countries which import U.S. beef, such as Canada, which last year bought 13 percent of U.S. beef exports will adopt similar labeling requirements. This will further shrink U. S. beef exports, to the detriment of U. S. beef producers and processors.

Consumers will be confused and possibly misled about beef and lamb quality and safety. Using labeling requirements to encourage discrimination against imported products does not enhance consumer confidence in beef and lamb safety or quality. In fact, some consumers may perceive imported meats to be superior to U.S. product. For example, New Zealand lamb has grown from seven to 30 percent of U.S. lamb sales by capitalizing on the favorable image U.S. consumers have of New Zealand lamb. Thus, labeling could have the opposite impact from what its proponents desire.

USDA may not be able to enforce the labeling requirements. There is no way to traceback the origin of a product absent some sort of labeling or certification throughout the beef and lamb production chain, including producer certification that the live animal was fed in the United States.

Produce Labeling Provision

The clear objective of the produce labeling amendment is to restrain U.S. imports of winter vegetables and early season table grapes from Mexico. The great majority of imported produce enters this country to satisfy consumer demand for year-round availability of fresh fruits and vegetables. For many commodities, such as grapes, winter vegetables and specialty tropical fruits, there simply is not enough domestic produce to meet consumer needs.

This amendment conflicts with the U. S. free trade position on other issues. The U.S. government has opposed, and continues to oppose, labeling schemes by foreign governments that mask protectionist motives. The U.S. has recognized that these policies serve to impair trade and decrease economic efficiency. If the U.S. adopts this position, its credibility in trade negotiations on issues such as labeling for growth hormones, pesticides, or genetically engineered food products will be severely compromised.

This amendment will impose new costs on the U. S. retail and produce industries. The cost of segregating, storing and labeling U.S. and imported products will impose unnecessary economic burdens throughout the U.S. produce and retail distribution system. For example, the average produce department carries over 340 items year round. Displays change constantly due to supplies and the perishable nature of the product.

Country of origin signs would have to be constantly changed and updated. Retailers would face a nearly impossible task to put the right label or sign in place at the right time. Additional costs would be incurred in added labor, signage and display space. Inevitably, these costs would be reflected in consumer prices.

Some proponents of the Senate produce labeling amendment argue that country of origin labeling is necessary to assure the safety of imported foods. Country of origin labeling does not address the safety issue. If food is not safe, whether it is imported or domestically grown, it should not be in the food distribution system.

Proponents of these amendments are attempting to tie country of origin labeling of meat and produce into the now-popular "consumer right to know more" movement; however, the amendment would offer consumers no useful information to assist in their purchasing decisions. These amendments unfairly attempt to stigmatize imported beef, lamb and produce as inferior food products. Numerous studies have shown that when shopping for food, consumers rank taste, nutrition, product safety and price as their top concerns. They do not make food purchasing decisions based on the origin of a particular product. The latest consumer research by the Food Marketing Institute, Trends in the United States: Consumer Attitudes and the Supermarket - 1998, reaffirms the fact that consumers look for high quality products that are available for a reasonable price.

These amendments, which are based only in misguided protectionism by their proponents, have no basis in making food safer. Producers can, and many do, voluntarily label their products in the marketplace. A government mandate is unwarranted.

For the reasons we have cited above, we urge you to support the removal of both of these provisions from the final FY 1999 Agriculture Appropriations bill.

Respectfully submitted,

American Bakers Association
American Frozen Food Institute
American Meat Institute
Association of Sales and Marketing Companies
Consumers for World Trade
Food Distributors International
Food Marketing Institute
Grocery Manufacturers of America
International Dairy Foods Association
International Mass Retail Association
National Food Processors Association
National Grocers Association
National Meat Association
U.S. Chamber of Commerce

and their member companies.

Cons pro - food safety - country of origin

Thomas L. Freedman
07/30/98 12:31:30 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc: Laura Emmett/WHO/EOP, Mary L. Smith/OPD/EOP
Subject: country of origin labeling

COOLAPPR.W Attached is a useful memo on the background, official statements, safety, trade, costs, and politics of this issue. You will note that there are congressional splits (Stenholm and Archer for instance oppose) and consitutent splits (meatpacking and food processing oppose). As you can see from the memo, we've taken the issue up with USDA and USTR, there is still a good deal of opposition within USDA and within USTR but we could work to ameliorate some of their concerns (specifying that the label note country its from, not just say "imported.")

If you decide you want to try and make this happen, we should hold a senior level meeting including at least USTR, USDA, State, OMB, leg. affairs, the VP's office, HHS (FDA).

I'm still working to see if the August 12th event is still on.

Import and Country of Origin Labeling

Background

During floor debate, the Senate added two amendments by voice vote/unanimous consent on import and country of origin labeling to the FY 1999 Agricultural Appropriations bill. Senator Johnson's (D-SD) amendment applies to beef and lamb; it does not apply to pork, poultry, or any other meat products. It appears to require "import" labeling rather than individual country of origin. Senator Graham's (D-FL) amendment, on the other hand, applies to all fresh and frozen fruits and vegetables sold at retail and specifically requires country of origin labeling.

The House FY 99 Agricultural Appropriations bill does not include either provision. However, legislation similar to these amendments has been introduced in the House. A bill mandating country of origin labeling for all meat products, HR 1371, was introduced by Rep. Chenoweth (R-ID) and currently has 39 cosponsors (24 Reps, 15 Dems, 1 Indep.). Several bills have been introduced in the House to require country of origin labeling on produce -- HR 1232 by Rep. Bono (96 cosponsors, 51 Dems, 44 Reps, and 1 Indep), HR 2332 by Rep. Everett (42 cosponsors), HR 3676 by Rep. Pallone, 29 cosponsors, and HR 4080 by Rep. Dingell (15 cosponsors). None of these bills has been the subject of a hearing or mark-up during this Congress.

USDA's Food Safety and Inspection Service (FSIS) currently requires imported product that is retail ready to be labeled with the country of origin. Product that will be further processed is also labeled, but that identity is lost during processing. For fruits and vegetables, current country of origin labeling is implemented by the Customs Service. Customs requires side panel labeling on frozen fruits and vegetables, and imported fresh produce must contain such information on shipping containers. Consumer ready products must also be labeled.

The House and Senate are expected to conference on agricultural appropriations in September. Various Members of Congress and constituencies have expressed interest in the Administration's position on this issue.

Administration's Views

The Administration has generally objected to efforts by our trading partners to impose such requirements on U.S. products. However, USDA has not found any statement of an official Administration position on country of origin labeling.

During congressional trade hearings, Administration officials have expressed concerns about the use of such labeling against U.S. products. During deliberations on fast track, the Administration agreed, at the request of Senator Daschle, to promote a voluntary labeling approach for U.S. meat products. USDA has held a public meeting to promote this initiative, but very little interest has been expressed by industry.

Food Safety

Country of origin labeling should not be characterized as a food safety issue. Imported meat and poultry products must be inspected in the exporting country under a system equivalent to the U.S. system, then it is subject to reinspection at the border. Imported meat and poultry that is further processed in the U.S. undergoes a complete inspection again under U.S. inspection.

However, while food safety experts generally do not believe that country of origin labeling would greatly improve our ability to detect and control outbreaks of foodborne illness, according to some it could prove useful in tracing back the origins of some outbreaks related to imported fruits and vegetables. FDA officials have disagreed with this assessment arguing that consumers rarely keep the fruit/vegetable containers that carried the tainted food.

A further consideration is the fact that the Administration is currently seeking additional funding for food safety. With limited budgets and efforts focused on actions directly related to improving food safety, the Administration should carefully consider whether implementing and enforcing country of origin legislation would be the most effective use of our food safety resources.

The Johnson amendment would be implemented by the Food Safety and Inspection Service (FSIS), which is responsible for meat, poultry and egg safety. In the absence of additional funding and personnel, FSIS would have to redirect resources away from food safety focused tasks in order to implement and enforce these provisions.

While the Food and Drug Administration (FDA) has jurisdiction over the labeling of fruits and vegetables, the Graham amendment gives the Secretary of Agriculture authority to enforce the legislation. USDA has neither the infrastructure nor the resources to implement this provision, and would suggest either FDA or Customs as the appropriate enforcement agency.

Trade

It is possible to require country of origin labeling of imported products under our GATT and WTO obligations, provided that all imports are treated similarly, the difficulties are reduced to a minimum, and the labeling does not seriously damage the product or unduly increase its costs or decrease its value.

The Administration has generally objected to country of origin labeling when it has been considered by our trading partners. If the Administration were to support country of origin labeling, it could be seen as protectionist by our trading partners and would obviously limit our ability to object to such requirements in the future.

While many agricultural producers support country of origin labeling, others do not, in part because of concern that such labeling would be used unfairly against U.S. exports. The U.S. exports nearly 60 percent more agricultural products than it imports. For example, it is possible that such labeling will be used to stigmatize imported food products through negative advertising

campaigns. Similar efforts could be made to stigmatize U.S. exports to other countries.

In general, Senator Graham's amendment appears to be consistent with U.S. rights under Article 9 of the WTO agreement. However, it is possible that an exporting country could challenge these labeling requirements as unduly increasing the costs of their product, for example, because the labeling requirements imposed on domestic retailers will (1) either be passed on to the exporting countries, making their product less competitive, or (2) make domestic retailers less likely to market imported products.

While the same general challenge could be made against his amendment, Senator Johnson's amendment also contains language which appears to violate our international trading commitments. Specifically, the language appears to require the word "imported" on the label rather than allowing a specific country of origin, which would violate WTO Article XI. This concern has been expressed to Senator Johnson's staff but the necessary changes to the language have not been made.

In addition, Senator Johnson's amendment may raise other trade issues such as national treatment, particularly since it appears to be targeted at Canada. Under current law, cattle that is imported into the U.S. for slaughter is consider U.S. product. The Johnson amendment would require such product to be labeled as imported. However, if imported cattle are shipped into a U.S. feedlot prior to slaughter, even for one day, then the product would be considered U.S. under the Johnson amendment. The Canadian Agriculture Minister has expressed his concerns about the amendment to Secretary Glickman.

DPC has discussed the matter with Sean Darragh of USTR who expressed USTR's continued opposition to the concept of country of origin labeling. Faced with the prospect that the legislation may become law, USTR via Jim Lyons, suggested a change affecting the importation of live cattle. Sean Darragh stated that USTR would much prefer language specifying that the imported food will not simply say "Imported" but rather say "product of country X".

Consumer Right to Know

While country of origin labeling should not be supported on the basis of food safety, supporters argue that consumers have the right to know a food product's country of origin. For example, supporters argue that, if consumers can tell where their clothes come from, they should be given the same information about their food.

However, others have expressed skepticism that consumers do in fact believe that country of origin is important information. In addition, a consumer right to know argument could have implications for other labeling disputes, such as our current disagreement with the European Union over the labeling of products of biotechnology.

Enforceability and Costs

Any real or perceived benefits to consumers from such a labeling requirement would be directly related to the ability of agencies to enforce these new requirements. Industry and the retail sector are strongly opposed to country of origin legislation because of the costs it would impose.

To effectively implement the Johnson amendment, for example, all imported beef would need to be segregated and extensive records would need to be kept throughout the slaughter, processing, and distribution chain. Industry talking points against this amendment estimate that 20 percent of ground beef produced is the U.S. is made from imported lean beef blended with U.S. fed beef trimmings. This would be a difficult and expensive effort, with estimates ranging up to $60 million annually, depending on the level of enforcement.

The Graham amendment, on the other hand, applies only to those retailers that purchase in excess of $230,000 per year in fresh and frozen produce, or about 5,000 of the approximately 180,000 retail stores. However, these 5,000 retailers have approximately 30,000 locations nationwide, and enforcement at retail establishments would often need to include record checks at central purchase and distribution points. Preliminary estimates suggest that enforcement could cost between $15-20 million annually, again depending on the level of enforcement.

Congressional Interest

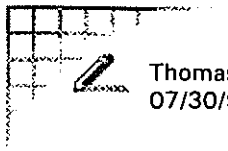
Many of the supporters of these provisions are from border states or from states that compete with imported products. In addition, while there is bipartisan support for these requirements, there is also bipartisan opposition. For example, both Rep. Skeen, chair of the House Ag Approps subcommittee, and Rep. Stenholm, ranking Democrat on the House Agriculture Committee, have expressed concern about these provisions. In addition, Ways and Means Chairman Archer has expressed his opposition to these provisions in a July 24, 1998 letter to Appropriations Chairman Livingston, and Agriculture Chairman Smith has also expressed opposition to authorizing these provisions on an appropriations bill.

USDA understands that the entire food processing and retail industry is attempting to meet with the Republican leadership.

Constituent Interest

The National Farmers Union, American Farm Bureau Federation, and the National Cattleman's Beef Association have strong grassroots support for the Johnson amendment. The pork and poultry industry do not support country of origin labeling, but they are also not covered by the Johnson amendment. The meatpacking and food processing industry vigorously opposes both amendments. Consumer groups generally support country of origin labeling. Fruit and vegetable producers do not have consistent support for or opposition to country of origin labeling.

Food safety - country of origin



Thomas L. Freedman
07/30/98 03:19:44 PM

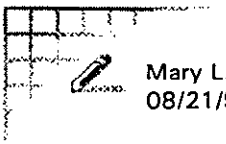
Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc: Laura Emmett/WHO/EOP, Mary L. Smith/OPD/EOP
Subject: Country of origin: hill inquiry

USTR says they have been asked by Ways and Means for an administration position on country of origin labeling. We agreed that they would tell the committee the administration is having the agencies review the language as drafted and would respond. The conference is not due until Sept.

Clinton pro-food safety - country of origin



Mary L. Smith
08/21/98 04:45:50 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Thomas L. Freedman/OPD/EOP

cc:
Subject: Country of Origin Labelling

An internal USDA memo was leaked regarding country of origin labeling. Here is what was on the web:
Friday, August 21, 1998
An inside-the-Beltway, inside-the-hallways visit with
Jim Wiesemeyer, Pro Farmer's Washington Bureau Chief

USDA internal memo urges opposition to Senate
meat labeling bill

You know a topic's importance, sometimes, by the number of letters written about it. If that is indeed the case, the matter of a Senate meat labeling bill sure is important. Today's dispatch takes a look at some of those memos/letters, and the likely outcome of the issue in Congress.

I love a good internal memo...and the topic of a current one is some USDA officials' opposition to a Senate-passed meat labeling bill. Here's a Pro Farmer Internet link to the confidential memo. Highlights:

Who wrote it: Thomas J. Billy, administrator of USDA's Food Safety & Inspection Service, and Lon S. Hatamiya, administrator of USDA's Foreign Ag Service.
Who got the memo: Catherine E. Woteki, Undersecretary for food safety, and Gus Schumacher, Undersecretary for farm and foreign agriculture service.
What it says: It urges USDA to officially oppose the Senate meat labeling amendment, which is part of the Fiscal Year 1999 Agriculture appropriations bill.

The amendment would require fresh muscle cuts of beef and lamb, and ground or other processed beef and lamb, to be labeled as U.S. beef, U.S. lamb, imported beef, imported lamb, or with the percentage content of U.S. and imported beef/lamb contained in the product.

The amendment does not apply to other meat products, such as pork or poultry.

What the officials are concerned about: Difficulties in enforcement it will create, its excessive costs, its lack of food safety or consumer benefits, "and perhaps most importantly, its potentially negative trade impact."

Unfunded costs: The memo reveals that USDA's Office of Chief Economist estimates the minimum annual cost to monitor for compliance to be at least $60 million for FSIS, which equates to more than 10% of that agency's entire budget!

Trade implications: While the U.S. beef trade deficit with Canada has been widening, there continues to be a large trade imbalance in live cattle. Ninety percent of the cattle imported from Canada go directly to slaughter. But the memo says that in looking at the total international picture, the value of U.S. meat exports is much higher than our imports.

"If other countries mirrored this proposed legislation, we would have more to lose than to gain," the memo concludes.

Another problem cited: The memo also notes that the bill indirectly endorses the concept that the origin of an animal is determined by certain residency or weight gain criteria. "If the WTO adopts weight gain or various residency country-of-origin requirements, which would be imposed on U.S. exports, it would have severe consequences for U.S. meat exports," according to the memo.

The memo's authors charge the bill "undermines our efforts to challenge mandatory country-of-origin labeling being imposed in the European Union on beef sold at the retail level beginning in the year 2000."

Legal issues: The amendment could conflict with WTO marking rules and undermine the U.S. position in the WTO negotiations to harmonize the rules of origin, the memo says. They add it runs counter to U.S. efforts to fight against EU labeling requirements.

Senate sponsors signal they may change certain provisions of the amendment. In an Aug. 11 letter to Senate Appropriations agriculture subcommittee chairman Thad Cochran (R-Miss.) and ranking member Dale Bumpers (D-Ark.), Sen. Tim Johnson (D-S.D.) notes that, "In light of some additional trade-related concerns directed towards the meat labeling amendment, my staff will be contacting committee staff to propose certain technical changes to the language to address some of these concerns."

Johnson's letter reveals that the Senate amendment wasn't accurately reprinted in the Congressional Record because it omitted language allowing for voluntary U.S. country-of-origin labeling.

Here's a Pro Farmer Internet link to Sen. Johnson's letter to Sens. Cochran and Bumpers.

Canada issues strong negative reaction to Senate amendment. The proposed U.S. legislation dominated discussions at the annual convention of the Canadian

Cattlemen's Association held in Edmonton, Alberta. And the matter has also been the subject of discussion in a series of letters between Sen. Johnson, House Ag Committee Chairman Bob Smith (R-Oregon) and Canadian Ambassador Raymond Chretien.

In a letter dated Aug. 7 to Sen. Johnson, Chretien wrote that the proposed origin labeling provisions "would significantly disrupt the way in which our highly integrated beef industries conduct trade across our shared border and fly in the face of joint initiatives such as the facilitation of U.S. feeder cattle exports to Canada under the Northwest Cattle Project."

Chretien also said the amendment would "also encourage other countries to adopt similar measures to restrict imports of North American beef."

A watch-out warning: The Canadian ambassador added that "Ironically, if this proposed new requirement is implemented, any beef from U.S.-born cattle placed in Canadian feedlots, however briefly and regardless of whether the cattle remained under U.S. ownership, would also have to be labeled as 'imported,' even if ultimately processed."

Here's a Pro Farmer Internet link to Chretien's letter to Sen. Johnson.

Sen. Johnson says legislation will have a "minuscule impact" on consumer prices. In a letter to Canada's Chretien dated Aug. 5, Johnson says that according to a survey conducted by USDA, the labeling of beef and lamb products would cost only 20 to 30 cents annually per consumer.

A national survey in late 1995, Johnson wrote, found that nearly three out of four American consumers (74%) favored labeling by country of origin."I suspect Canadian consumers are equally supportive of labeling," Johnson said.

Here's a Pro Farmer Internet link to Sen. Johnson's letter to Chretien.

House ag committee chairman calls for U.S.-Canadian trade issue summit. In a letter to Canada's Chretien, House ag panel Chairman Smith proposes that the legislative and ministerial leaders of the two governments meet this fall to make progress on ag trade issues confronting the two nations.

Who Smith wants at the ag trade issue summit: Smith suggested that Canadian Agriculture and Agri-Food Minister Lyle VanClief, a group of parliamentary ag leaders, and if appropriate, provincial officials, come to Washington in September to meet with USDA Secretary Dan Glickman and U.S. congressional agriculture leaders.

"No single meeting will be the panacea to end all of the competitive trade issues between us," Smith wrote, "but an agricultural summit this fall would be a good first step toward a more harmonious relationship. This is particularly important with the 1999 WTO agricultural negotiations looming upon us."

Here's a Pro Farmer Internet link to Smith's letter to Chretien.

The National Cattlemen's Beef Association has come out strongly in favor of the Senate amendment, but U.S. meat processors have taken the opposition position. The American Meat Institute (AMI) says the policy is "ill-conceived and short-sighted domestic policy and shockingly dumb trade policy."

Meat-grinding comments: AMI's J. Patrick Boyle, in a letter to U.S. Trade Representative Charlene Barshefsky, recalled that Canada has "consistently copied and used against us almost every ill-conceived trade policy instrument devised to constrain imports of products into the U.S. market. With the nation's beef industry struggling to maintain market share in both U.S. and foreign markets, advocates of this initiative appear to be providing the same kind of leadership for the nation's beef industry that General Custer provided for the 7th Cavalry."

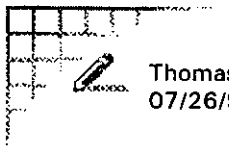
Here's a Pro Farmer Internet link to AMI's letter.

Bottom line: The Clinton administration has not yet taken a formal position on the amendment. Neither has USDA, despite the internal memo. But unless some inconsistent provisions, especially as they relate to the World Trade Organization, are not modified, the amendment faces a rocky road to approval once House-Senate conferees meet on the differing ag appropriations bills. The House version does not contain the meat labeling provision.

Also, it appears the House Ways and Means Committee is ready to claim jurisdiction over the labeling plan since it affects trade. This alone could doom the labeling requirement. A compromise might be, as the USDA internal memo suggests, a study on various types of labeling.

Aug. 21-- 10:45am CT Return to Pro F

Cws pro - food safety -
country of origin



Thomas L. Freedman
07/26/98 05:07:34 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

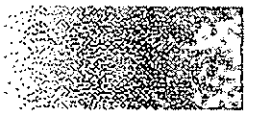
cc: Laura Emmett/WHO/EOP, Mary L. Smith/OPD/EOP
Subject: Country of Origin Labeling

1. The Senate included an amendment in Ag. Approps. providing for country of origin labeling for beef and lamb.

2. USTR, according to Sean Darragh, remains opposed because of concerns about trade -- on the other hand, we have a much stronger hand than before -- this seems likely to be forced on them so they might as well negotiate a decent provision. USDA has not expressed a formal opinion. The cattlemen group tell USDA they are working this and expect to get bipartisan support for this in conference. OMB/NEC may also have concerns. The issue is of interest in the midwest and I suggested to Morely that they might want to figure where they stand.

3. I'd like to start suggesting to the interested parties that this might be an Ag. 12th endorsement when the President stops in S. Dakota and see if I could get it through this time. Tim Johnson sponsored it so SD would be an appropriate location. As of today, Sunday, Ag. Approps. conference doesn't look to begin until September.

Cons pro - food safety - country of origin



Jerold R. Mande

07/21/98 03:29:24 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Thomas L. Freedman/OPD/EOP, Mary L. Smith/OPD/EOP

cc: Mark A. Weatherly/OMB/EOP, darragh_sean @ ustr.gov @ INET @ VAXGTWY

Subject: Food import issue.

I want to make sure you noticed that "country of origin" language was added to the Senate Ag approps bill covering both meat and produce. I have received calls from food industry reps, who were very helpful with our food safety initiative approps request, seeking WH help in conference defeating country of origin labeling. I don't believe there is an Admin position on this issue, and I don't have a recommendation on whether we should have one, but I thought I should flag the issue since we are likely to hear more about it. Thanks.

cont pro - food safety - country of origin

NATIONAL FOOD PROCESSORS ASSOCIATION

1401 New York Ave., NW
Washington, DC 20005
202-639-5900

WASHINGTON, DC
DUBLIN, CA
SEATTLE, WA

July 24, 1998

Mr. Bruce Reed
Assistant to the President
Domestic Policy Council
Office of Policy Development
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. Reed:

I am writing on behalf of the members of the National Food Processors Association (NFPA) to share with you their serious concern with country of origin labeling provisions adopted by the Senate last week as part of the FY 1999 Agriculture Appropriations Bill. These provisions reflect protectionist trade policy and do not conform with the spirit and intent of U.S. trade obligations. **NFPA urges the Administration to express its strong opposition regarding these provisions to House and Senate conferees on the Bill.** While the Senate's adoption of the provisions may have been good "politics," their potential consequences are decidedly anti-free trade.

NFPA is the voice of the $430 billion food processing industry on scientific and public policy issues involving food safety, nutrition, technical and regulatory matters and consumer affairs. Like the U.S. and other economies, NFPA member companies have become increasingly dependent upon global trade and have a significant interest in the development of international trade policy.

The U.S. Senate last week approved two amendments to its version of the FY 1999 Agriculture Appropriations bill requiring country-of-origin labeling on food products containing imported beef and lamb, as well as on imported fresh produce. These provisions require that: 1) imported beef or lamb offered for retail sale must be labeled as imported, and products that combine sources of beef and lamb, such as ground or processed meats, must declare the percent of imported and domestic product they contain; and 2) imported fresh produce offered for retail sale must be labeled as imported.

The provisions are inconsistent with U.S. obligations under the WTO.
As a member of the WTO, the U.S. has committed to the Agreement on Technical Barriers to Trade (TBT). Under the TBT Agreement, "members shall ensure that technical regulations are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to international trade." They must not be

more restrictive than necessary to fulfill legitimate objectives which are defined as: "national security, the prevention of deceptive practices or protection of human health and safety." NFPA has opposed similar requirements from other nations identifying them as TBTs and disruptive to trade.

The requirements would violate national treatment rules. The WTO Agreement requires equitable national treatment. Rules "should not be applied to imported or domestic products so as to afford protection to domestic production." These marking requirements, strongly supported by the National Cattleman's Association, are intended to protect a specific U.S. industry segment from foreign competition.

The requirements are inconsistent with the concept of substantial transformation. The WTO is currently engaged in an effort to harmonize international rules of origin, the goal of which is for all countries to apply the same non-preferential standards. The harmonization effort is now scheduled to be completed in 1999 and is expected to support the concept of substantial transformation in conferring product origin. The legislation under consideration would inappropriately mandate retaining markings of original origin even when the product has undergone substantial processing in the U.S. The U.S. must assume leadership in efforts to harmonize international standards to facilitate trade, and not undermine these WTO efforts.

Country-of-origin labeling is not a food safety issue. Food safety related to imported products has become a very political issue in the U.S. Yet, evidence does not exist to justify that imported products pose a greater public health risk than domestic foods. Processed food products containing meat from either foreign or domestic sources are subject to the same processing requirements that ensure the food's safety.

These requirements will be viewed as protectionist and invite retaliation. These requirements are clearly a non-tariff trade barrier. They invite retaliation from our trading partners who are likely to demand reciprocal labeling on foods imported from the U.S. or call for WTO dispute settlement action. The U.S. has been a leader in seeking to eliminate trade barriers and should not, now, be perceived as reverting to protectionist policies.

NFPA strongly urges the Administration to make known to the Congress its views opposing the Senate-adopted country of origin labeling provisions found in the FY 1999 Agriculture Appropriations Bill.

Sincerely,

Kelly D. Johnston
Executive Vice President
Government Affairs and Communication

Cmte pro - food safety - country of origin

American Frozen Food Institute • 2000 Corporate Ridge, Suite 1000 • McLean, Virginia 22102

Telephone (703) 821-0770 • Fax (703) 821-1350 • E-Mail AFFI@POP.DN.NET

July 24, 1998

Ms. Elena Kagan
Deputy Asst. to the President for Domestic Policy
Executive Office of the President
Second Floor, West Wing
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Ms. Kagan:

I would like to call your attention to a provision included in the Senate-passed version of H.R. 4101, a bill making Fiscal Year 1999 appropriations for Agriculture and Related Agencies, which would impose a new labeling scheme on imported beef, lamb, and products including imported beef and lamb. On behalf of the members of the American Frozen Food Institute (AFFI), I strongly urge you to object to the inclusion of this provision, Title X, "Meat Labeling," in the final FY 1999 agriculture appropriations bill.

As you know, AFFI is the national organization representing processors of frozen foods, their marketers and suppliers. AFFI's nearly 600 member companies are responsible for approximately 90 percent of the frozen food processed annually, valued at more than $60 billion.

Title X would amend the Federal Meat Inspection Act to impose new origin labeling requirements on muscle cuts of beef and lamb, ground beef and lamb, and processed beef and lamb products. This unprecedented and ill-conceived provision should be stricken from the final conference report because it would: (1) conflict with long-standing country of origin marking practice established under the tariff laws, (2) impose an unnecessary new product labeling scheme, (3) violate the commitments the United States made to its trading partners in the Uruguay Round, and (4) invite retaliation against U.S. exports to foreign markets. Because Title X is a tariff provision addressing the same subject matter as that addressed by Section 304 of the Tariff Act of 1930 and falling within the jurisdiction of the Committee on Ways and Means, the inclusion of the measure in an appropriations bill is inappropriate.

1. Title X Is Unnecessary and Conflicts with Long-Standing Country of Origin Marking Practice

The purported intent of Title X is to inform consumers whether a subject product is "imported," and, with respect to ground or processed beef and lamb, the percentage content of United States and imported beef or imported lamb contained in the product. In effect, Title X is a tariff measure because it is specifically directed to the origin of the good and as such is unnecessary and duplicative. Country of origin labeling is already provided for under Section 304 of the Tariff Act of 1930 (19 U.S.C. § 1304), for which regulatory authority is delegated by statute to the Secretary of the Treasury.

Moreover, Title X is inconsistent with the country of origin labeling practice established under 19 U.S.C. § 1304. Title X would treat as "imported" some meat products which, because of processing within the U.S., recognized as conferring origin under principles established by the courts with respect to food products, are considered to be domestic products for purposes of 19 U.S.C. § 1304. For products treated as foreign products under 19 U.S.C. § 1304, Title X would result in duplicative and inconsistent labeling requirements: A product required by Title X to be accompanied by labeling identifying the product as "imported" (or, in other cases, identifying the percentage of imported content) in some instances would be required by 19 U.S.C. § 1304 to bear a label identifying the name of the country of origin. Title X's imposition of a second product labeling scheme related to country of origin is prejudicial to affected U.S. industries and contrary to public policy.

2. Title X Violates the WTO Agreements on Rules of Origin and Technical Barriers to Trade

Enactment of Title X would breach commitments the United States made to its trading partners in the Uruguay Round. In Article 2 of the Uruguay Round Agreement on Rules of Origin, the U.S. pledged that its rules of origin, including those applied for marking purposes, would be administered in a consistent, uniform, impartial, and reasonable manner. Because it would apply origin and marking rules more stringent than those the United States applies generally for country of origin marking purposes, Title X fails to achieve these objectives. Article 2 further requires that nonpreferential origin rules not be used as instruments to pursue trade objectives and that they not create restrictive, distorting, or disruptive effects on international trade. Here also, Title X does not conform to these disciplines. As a marking requirement, it has a trade objective in that it is directed against imports, and it would adversely affect international trade in beef and lamb products. In its failure to recognize as the country of origin the country in which the last substantial transformation is carried out, Title X also conflicts with the disciplines member countries expressly have undertaken under Article 9.1 of the Agreement on Rules of Origin.

AFFI believes Title X also would violate Article 2.2 of the Uruguay Round Agreement on Technical Barriers to Trade. As a party to that Agreement, the United States has pledged it would not adopt technical regulations, including marking and labeling regulations, that are more stringent than necessary to achieve a legitimate objective or that are applied with a view to or with the effect of creating unnecessary obstacles to international trade. As noted above, Title X is directed at imports and does constitute an unnecessary obstacle to trade in the affected goods.

3. Title X Would Invite Foreign Countries to Adopt Labeling Provisions Adverse to the Interests of U.S. Exporters

If Title X were to become law, we should expect U.S. trading partners to retaliate through the adoption of similar labeling requirements adverse to U.S. exports, in particular U.S. agricultural exports. Because the United States in the past has exercised international leadership in removing

and preventing product labeling standards that function as disguised barriers to international trade, this country has nothing to gain, and much to lose, from resorting to the type of measure represented by Title X.

Because of the demonstrable flaws in Title X, AFFI urges you to assist in obtaining the deletion of this misguided provision from the final conference report for H.R. 4101.

Sincerely,

Steven C. Anderson
President and Chief Executive Officer

SCA:jeh

EK-

You asked about Glickman's promise, in a memo, to draft "country of origin" labeling legislation. Attached is what he refessed to:

(1) It applies labeling to fruits & vegetables;

(2) Archer/USTR/USDA came up with it in the waning hours of fast track;

(3) USDA still doesn't like it. Eric Olsen said the concern is it would lose, that retailers would fight & beat it. He also says Daschle would fight to include meat and the industry would oppose that strongly.

TOM

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Cumpio - food safety - country-of-origin labeling

H.L.C.

AMENDMENTS TO H.R. 2621, AS REPORTED

OFFERED BY MR. ARCHER

See p. 25

Amend section 101 to read as follows:

SEC. 101. SHORT TITLE AND FINDINGS.

(a) SHORT TITLE.—The Act may be cited as the "Reciprocal Trade Agreement Authorities Act of 1997".

(b) FINDINGS.—The Congress makes the following findings:

(1) The expansion of international trade is vital to the national security of the United States. Trade is critical to the economic growth and strength of the United States and to its leadership in the world. Stable trading relationships promote security and prosperity. Trade agreements today serve the same purposes that security pacts played during the Cold War, binding nations together through a series of mutual rights and obligations. Leadership by the United States in international trade fosters open markets, democracy, and peace throughout the world.

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(2) The national security of the United States depends on its economic security, which in turn is founded upon a vibrant and growing industrial base. Trade expansion has been the engine of economic growth. Trade agreements maximize opportunities

for the critical sectors and building blocks of the economy of the United States, such as information technology, telecommunications and other leading technologies, basic industries, capital equipment, medical equipment, services, agriculture, environmental technology, and intellectual property. Trade will create new opportunities for the United States and preserve the unparalleled strength of the United States in economic, political, and military affairs. The United States, secured by expanding trade and economic opportunities, will meet the challenges of the twenty-first century.

In section 102(b)(6)—

(1) in the matter preceding subparagraph (A), insert "of agricultural commodities" after "United States exports";

(2) insert "(A)" before "The principal negotiating objective of the United States with respect to agriculture";

(3) in subparagraph (A), redesignate clauses (i) and (ii) as subclauses (I) and (II), and redesignate subparagraph (A) as clause (i);

(4) redesignate subparagraph (B) as clause (ii);

(5) in subparagraph (C), redesignate clauses (i) through (v) as subclauses (I) through (V), respec-

tively, and redesignate subparagraph (C) as clause (iii);

(6) redesignate subparagraphs (D) through (G) as clauses (iv) through (vii), respectively;

(7) strike "and" at the end of clause (vi), as so redesignated, strike the period at the end of clause (vii), as so redesignated, and insert "; and"; and

(8) add at the end the following:

(viii) taking into account the impact that agreements covering agriculture to which the United States is a party, including the North American Free Trade Agreement, have on the United States agricultural industry.

(B)(i) Before commencing negotiations with respect to agriculture, the United States Trade Representative, in consultation with the Congress, shall seek to develop a position on the treatment of seasonal and perishable agricultural products to be employed in the negotiations in order to develop an international consensus on the treatment of seasonal or perishable agricultural products in investigations relating to dumping and safeguards and in any other relevant area.

(ii) The negotiating objective provided in subparagraph (A) applies with respect to agricultural

matters to be addressed in any trade agreement entered into under section 103(a) or (b), including any trade agreement entered into under section 103(a) or (b) that provides for accession to a trade agreement to which the United States is already a party, such as the North American Free Trade Agreement and the United States-Canada Free Trade Agreement.

In section 102(b)(7)(B), add the following at the end of the subparagraph: "Nothing in this subparagraph shall be construed to authorize inclusion in an implementing bill under this Act or in an agreement subject to an implementing bill under this Act provisions that would restrict the autonomy of the United States in these areas.".

In section 103(a)(1), move the indentation of the text that reads "The President shall notify the Congress of the President's intention to enter into an agreement under this subsection." 2 ems to the left.

In section 103(c), amend paragraph (5)(A) to read as follows:

(5) EXTENSION DISAPPROVAL RESOLUTIONS.—(A) For purposes of paragraph (1), the term "extension disapproval resolution" means a resolution of

either House of the Congress, the sole matter after the resolving clause of which is as follows: "That the ____ disapproves the request of the President for the extension, under section 103(c)(1)(B)(i) of the Reciprocal Trade Agreement Authorities Act of 1997, of the trade authorities procedures under that Act to any implementing bill submitted with respect to any trade agreement entered into under section 103(b) of that Act after September 30, 2001.", with the blank space being filled with the name of the resolving House of the Congress.

In section 103(b)(3), in the last sentence strike "subparagraph" and insert "paragraph".

In section 103, add the following at the end:

(d) COMMENCEMENT OF NEGOTIATIONS.—In order to contribute to the continued economic expansion of the United States, the President shall commence negotiations covering tariff and nontariff barriers affecting any industry, product, or service sector, and to expand existing sectoral agreements to countries that are not parties to those agreements, in cases where the President determines that such negotiations are feasible and timely and would benefit the United States. Such sectors include agriculture, commercial services, intellectual property rights, industrial and capital goods, government procurement, information

technology products, environmental technology and services, medical equipment and services, civil aircraft, and infrastructure products.

In section 104(a)(3)—

(1) insert "(A)" after "AGRICULTURE.—";

(2) strike "102(b)(6)(A)" and insert "102(b)(6)(A)(i)"; and

(3) add the end the following:

(B) Before initiating negotiations to reduce United States tariffs on agricultural products which the President determines to be import sensitive, the President shall consult with the Committee on Ways and Means and the Committee on Agriculture of the House of Representatives and the Committee on Finance and the Committee on Agriculture, Nutrition, and Forestry of the Senate concerning such tariff reductions. The consultations shall include an assessment of the impact of any tariff reduction on the United States industry producing the product and whether adjustment periods should be provided to the industry. The President, with the advice of the International Trade Commission, shall determine which agricultural products are import sensitive.

In section 104, amend the section heading to read as follows:

(b) BUDGET SUBMISSION.—The President shall include a request for the resources necessary to support the plan described in subsection (a) in the first budget the President submits to Congress after the submission of the plan.

In section 102(d)(2), strike "the congressional advisers on trade policy and negotiations appointed under section 161 of the Trade Act of 1974" and insert "the Congressional Oversight Group appointed under section 107 with respect to the negotiations".

In section 109, as so redesignated (relating to Chief Agricultural Negotiator), insert before the peiod at the end ofthe first sentence the following: ", from among individuals with appropriate experience in agricultural matters".

In section 110(a), as so redesignated (realting to conforming amendments), amend paragraph (1) to read as follows:

(1) IMPLEMENTING BILL.—Section 151(b)(1) (19 U.S.C. 2191(b)(1)) is amended by striking ", section 1103(a)(1) of the Omnibus Trade and Competitiveness Act of 1988,".

Strike title III and insert the following:

SEC. 302. REDUCTION IN INFORMATION TECHNOLOGY EXPENDITURES BY COMMODITY CREDIT CORPORATION.

Section 4(g) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(g)) is amended by striking "and not more than $275,000,000 in the 6-fiscal year period beginning on October 1, 1996" and inserting ", $51,000,000 in fiscal year 1998, $24,000,000 in fiscal year 1999, $39,000,000 in fiscal year 2000, $20,000,000 in fiscal year 2001, and $30,000,000 in fiscal year 2002".

Add the following at the end:

TITLE IV-MISCELLANEOUS TRADE PROVISIONS

SEC. 401. IDENTIFICATION OF COUNTRIES THAT DENY MARKET ACCESS FOR UNITED STATES AGRICULTURAL PRODUCTS.

(a) IDENTIFICATION REQUIRED.—

(1) IN GENERAL.—Chapter 8 of title I of the Trade Act of 1974 is amended by adding at the end the following:

"SEC. 183. IDENTIFICATION OF COUNTRIES THAT DENY MARKET ACCESS FOR AGRICULTURAL PRODUCTS.

"(a) IN GENERAL.—Not later than the date that is 30 days after the date on which the annual report is re-

quired to be submitted to Congressional committees under section 181(b), the United States Trade Representative (hereafter in this section referred to as the 'Trade Representative') shall identify—

"(1) those foreign countries that—

"(A) deny fair and equitable market access to United States agricultural products, or

"(B) apply unjustified sanitary or phytosanitary standards for imported agricultural products from the United States; and

"(2) those foreign countries identified under paragraph (1) that are determined by the Trade Representative to be priority foreign countries.

"(b) SPECIAL RULES FOR IDENTIFICATIONS.—

"(1) CRITERIA.—In identifying priority foreign countries under subsection (a)(2), the Trade Representative shall only identify those foreign countries—

"(A) that engage in or have the most onerous or egregious acts, policies, or practices that deny fair and equitable market access to United States agricultural products,

"(B) whose acts, policies, or practices described in subparagraph (A) have the greatest

adverse impact (actual or potential) on the relevant United States products, and

"(C) that are not—

"(i) entering into good faith negotiations, or

"(ii) making significant progress in bilateral or multilateral negotiations,

to provide fair and equitable market access to United States agricultural products.

"(2) CONSULTATION AND CONSIDERATION REQUIREMENTS.—In identifying priority foreign countries under subsection (a)(2), the Trade Representative shall—

"(A) consult with the Secretary of Agriculture and other appropriate officers of the Federal Government, and

"(B) take into account information from such sources as may be available to the Trade Representative and such information as may be submitted to the Trade Representative by interested persons, including information contained in reports submitted under section 181(b) and petitions submitted under section 302.

"(3) FACTUAL BASIS REQUIREMENT.—The Trade Representative may identify a foreign country

work diligently with the Minister of Finance of Japan to fully enforce the terms of the U.S.-Japan Insurance Agreement so that Japanese insurance markets will continue to be open to United States investment and that existing and future United States investments in the Japanese insurance markets are protected.

(c) DEFINITION.—As used in this section, the term "U.S.-Japan Insurance Agreement" means the Measures by the Government of the United States and the Government of Japan Regarding Insurance, signed on October 11, 1994, as amended by the Supplementary Measures by the Government of the United States and the Government of Japan Regarding Insurance, signed on December 24, 1996.

Tam

SEC. 404. MARKING OF CONTAINERS FOR PERISHABLE AGRICULTURAL COMMODITIES.

(a) IN GENERAL.—Section 304 of the Tariff Act of 1930 (19 U.S.C. 1304) is amended—

(1) by redesignating subsections (h), (i), (j), and (k) as subsections (i), (j), (k), and (l), respectively; and

(2) by inserting after subsection (g) the following new subsection:

"(h) MARKING OF CONTAINERS OF PERISHABLE AGRICULTURAL COMMODITIES.—

"(1) IN GENERAL.—The immediate container, as it ordinarily reaches the ultimate purchaser, of any perishable agricultural commodity excepted from the marking requirements of subsection (a) shall be marked in the manner required by subsection (a), and no exception to such marking requirements may be made pursuant to subsection (b) with respect to such container.

"(2) DEFINITION.—For purposes of this subsection, the term 'perishable agricultural commodity' has the meaning given that term in section 1(b) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a(b))."

(b) CONFORMING AMENDMENT.—Section 304(j) of such Act, as redesignated by subsection (a)(1), is amended by striking "subsection (h)" and inserting "subsection (i)".

(c) EFFECTIVE DATE.—The amendments made by this section apply to goods entered, or withdrawn from warehouse for consumption, on or after the 120th day after the date of the enactment of this Act.

SEC. 405. MONITORING AND ENFORCEMENT OF SUSPENSION AGREEMENT.

The administering authority (as defined in section 771(1) of the Tariff Act of 1930) shall closely monitor

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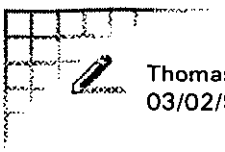

Thomas L. Freedman
03/02/98 09:27:49 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc: Mary L. Smith/OPD/EOP
Subject: Food Labeling

As I mentioned to Bruce, we met with the relevant agencies and there was strong concern from that we not do this as a food safety event Wednesday. They argue foreign food is not unsafe and that this will cause trade retaliation problems because foreign nations will see this as the United States saying "beware of foreign food." USDA says trade concerns remain Glickman's main concern. The agencies that agreed to the original labeling language: USDA, USTR, and Treasury also repeated that they did not like the idea even though they had agreed to the previous language. We are pushing to have alternatives outlined in memo form by the end of the week.

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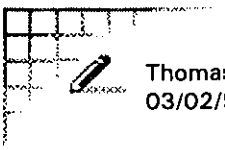
country-of-origin

Elena wants to see a list of participants which I'm still waiting for. Does she really need to be there? Thanks.

---------- Forwarded by Laura Emmett/WHO/EOP on 03/02/98 02:11 PM ----------



Thomas L. Freedman
03/02/98 12:22:00 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Mary L. Smith/OPD/EOP

cc: Laura Emmett/WHO/EOP
Subject: Country of Origin Labeling

I'm proceeding to try and get country of origin to be ready for the Wednesday event.

USDA is very concerned and Glickman says he would like to talk to Bruce today (720-3631). Their best arguments will be that it raises more foreign policy concerns (trade war, POTUS goes to South America in April) and that it will lose on the Hill/upset Daschle who wants to label meat.
We are setting up a meeting with all relevant players (including USTR/State) for 5 pm today.

On the 90 day report -- We've talked to the VP staff about featuring the 90 day report Wednesday and that should be fine.