

SMA *InfoMeat*

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Edited by Phyllis Zimmerman

Supreme Beef Files Bankruptcy, Blames USDA

After almost a year of confrontation with USDA inspectors over the *Salmonella* performance standard, Supreme Beef Processors, Inc. filed for Chapter 11 bankruptcy last week. Steven Spiritas, president and CEO of Supreme, said that the company would cease operations at its Dallas and Ladonia, Texas facilities on September 29, 2000, laying off over 300 workers. "USDA's Food Safety and Inspection Service (FSIS) has pursued a campaign of harassment, intimidation and disinformation about our company after we sought legal protection under the law, as is our constitutional right, in hopes of saving our company," stated Spiritas. "The federal government's assault on our business following our court victories against USDA has left us with no other option than to file Chapter 11 bankruptcy. Their actions have taken away a successful family business, robbed our employees of their livelihood, and denied customers, including the school lunch program, of our product," he added. FSIS pulled inspectors from the Dallas plant last fall, effectively shutting it down, but a federal judge tossed out the *Salmonella* standard, saying it was not a fair measure of a plant's sanitation. Earlier this month, USDA filed an appeal to the District Court verdict, which will substantially escalate the company's legal costs. Supreme's problems with USDA resulted in their products being recalled from the school lunch program and prevented them from selling ground beef to the program, causing a major loss in revenue for the company. Spiritas called USDA's *Salmonella* performance standard "unworkable" and said that attempts to resolve matters with the department have been futile. "We are very proud of our family-owned business' reputation for providing high-quality and wholesome meat. We have never had even one case of food-borne illness linked to any of the billions of pounds of beef products we have provided to the public in our 30-year history."

Sanction Reform Benefits U. S. Farm Exporters

According to news reports, U.S. exporters sold approximately \$90 million worth of U.S. farm goods to Iran, Libya, and Sudan since sanctions were eased last year, offering support for legislators hoping to do the same for Cuba. Republican leaders tentatively agreed to make it easier for firms to sell food and medicine to Cuba, potentially opening a market worth millions of dollars for U.S. producers. Cuba, Iran, Libya, and Sudan are among the countries on the U.S. list of state sponsors of terrorism. Their governments are not eligible for most forms of U.S. aid. The USDA estimates that sanctions against the four countries, plus Iraq and North Korea, cost U.S. farmers about \$500 million a year in lost sales, equal to about 1 percent of U.S. agricultural exports. In August, 1999 the Clinton administration eased sanctions on Iran, Libya, and Sudan, allowing sales on a case-by-case basis. The countries have since purchased \$75 million worth of corn and \$25 million worth of wheat, according to USDA sources. Farm groups believe that the potential market for U.S. farm goods in Cuba could be similar, since it already imports millions of dollars worth of commodities from Europe and Asia. "Cuba is closer and has already indicated they want to buy from us," said Dawn Forsythe of the U.S. Wheat Associates. "This is a potential million tons market for us." Cuba imports about 1.1 million tons of wheat and 400,000 tons of rice annually. Farm groups said access to the Cuban market would also help alleviate recession-era commodity prices. The USDA estimates the lowest crop prices since the mid-1980s due to a record corn and soybean harvest this year. However, some farm experts disagree. According to a study by the University of Tennessee, the greatest impact by new export markets on crop prices occurs the first year, with prices dropping by at least 35 percent in subsequent years. The Cuba amendment is being considered this week as part of House-Senate negotiations on a \$75 billion agriculture funding bill.

Irradiation Suppliers Form Alliance

Six of the top food irradiation technology companies have joined together to form the Food Irradiation Processing Alliance (FIPA), a new chapter of the Association of International Industrial Irradiation. The new alliance will promote understanding of food irradiation, facilitate adoption of the new technology, as well as establish new quality standards and a code of good practice for companies using food irradiation technology. FIPA will also address food regulatory issues and provide information to the public on food irradiation. "As more and more foods receive regulatory approvals for irradiation, we're excited about the formation of the Food Irradiation Processing Alliance," said John Masfield, FIPA's chairman and founder of STERIS Isomedix Services. "We're going to work with the food industry to provide them with the support and information they need to use irradiation in order to deliver the best possible products to consumers." The U.S. Food and Drug Administration recently approved the use of food irradiation for chicken, red meat, and eggs. Other approvals are expected soon for ready-to-eat meats and seafood. Food irradiation is a safe and effective way to eliminate food pathogens to successfully prevent food-borne illness and death, and has been declared "safe and wholesome" by the World Health Organization, the American Medical Association, and the Mayo Clinic. Food processors can rely on one of three different source irradiation technologies: gamma rays, x-rays, or high-energy electron beams. FIPA hopes to help manufacturers and processors choose the technology most appropriate for their product characteristics, package configuration, throughput and cost per unit. The members of FIPA represent or supply more than 95 percent of microbial control irradiation services in North America.

Investment Bank to Buy IBP, Inc.

According to a CNN financial news report, U.S. investment bank Donaldson, Lufkin, & Jenrette (DLJ) struck a deal today to purchase IBP, Inc., the world's largest producer of fresh beef and pork, for \$2.4 billion in cash. The agreement calls for DLJ to pay \$22.25 per share in cash for IBP, a nearly 22 percent premium above the company's closing price last Friday. DLJ will also assume or refinance \$1.8 billion in IBP debt. The agreement will make DLJ the largest shareholder of the Dakota Dunes, South Dakota based company and will combine the company with Rawhide Holdings Corp., a wholly owned subsidiary of DLJ's merchant baking division. "DLJ Merchant Banking Partners will be an excellent source of capital for IBP to implement our long-term business plan," said IBP Chairman Robert Peterson. IBP has ventured into packaged meat products and prepared foods to help guard against price swings in the meat market and purchased Corporate Brand Foods America late last year as part of that transition. The company generated about \$14.1 billion in sales last year and employs nearly 50,000 people worldwide. No changes in management or staffing levels are planned.

USDA Faulted on Commodity Referendum Procedure

The General Accounting Office (GAO) reports that USDA needs to improve its procedures for validating petitions for referenda on commodity promotion programs. Last February Secretary Dan Glickman called for a referendum on the pork checkoff after his department was unable to validate sufficient signatures on petitions requesting the vote. The GAO said that USDA did not know the number of existing pork producers and used flawed survey methods to try to verify the eligibility of the petitioners. The GAO also said that the pork promotion should pay for the referendum, not the taxpayers. USDA has hired an accounting firm to validate petitions on the beef promotion program.

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HACCP Information
Online:

**International
HACCP Alliance:**

http://www.

haccpalliance.org

**FSIS HACCP
Implementation**

Page:

*http://www.usda.gov/
fsis/imphaccp.html*

SMA and Texas A&M Sponsor HACCP Roundtable

To help meat processors discuss current issues and problem areas with HACCP implementation, the Southwest Meat Association and Texas A&M University (TAMU) have joined forces with the U.S. Department of Agriculture's Food Safety and Inspection Service (USDA/FSIS) and the Texas Department of Health's (TDH) Meat Safety Assurance Division to present a HACCP Roundtable scheduled for October 24, 2000 in Arlington, Texas. During the 1/2 day roundtable, attendees will have an opportunity to interact with state and federal food safety officials and discuss HACCP issues from 1 p.m. to 5 p.m. in Salon A at the Holiday Inn - Arlington, 1507 N. Watson Rd. "We think this will be an excellent opportunity for meat processors to discuss food safety issues with regulatory officials one-on-one," says Dr. Jeff Savell, professor and meat science section leader in the TAMU Department of Animal Science. The program has been designed specifically for small and very small meat processors to have an opportunity to meet with state and federal meat inspectors. Through one-on-one interaction, the roundtable organizers hope to stimulate dialog between inspectors and meat processors that will enhance the effectiveness of other HACCP implementation efforts. Future sessions may be scheduled to address specific needs or continue open dialog. These efforts should allow for a better transition into Phase II of HACCP. Since this program is funded through a USDA grant, there is no registration fee. However, space is limited and participants must register by filling out and submitting the attached registration form (see page 4) or by calling 979-862-3643 to obtain a form. *(Misty Pfeiffer, TAMU Dept. of Animal Science)*

Briefly . . .

Beef Industry Honors Smith: The National Cattlemen's Foundation has named Dr. Gary Smith of Colorado State University as one of six regional winners of the 2001 Vision Award: Beef Innovator of the Year. Smith, a professor and researcher at CSU, is also a partner in Food Safety Net Services, Ltd. and in Beefmaster Cattlemen/ Nolan Ryan's Tender Aged Beef. The award recognizes beef industry leaders who take innovative steps to make their operation more profitable and efficient.

USDA Renews NACMCF: USDA and the Department of Health and Human Services are rechartering the National Advisory Committee on Microbiological Criteria for Foods. The committee advises and provides recommendations on the development of microbiological criteria by which the safety and wholesomeness of food can be assessed, including criteria for microorganisms that indicate whether foods have been processed using good manufacturing practices. Members of the committee are appointed by the Secretary of Agriculture.

Alexander Indicted in Inspectors' Murders: A grand jury has indicted Stuart Alexander, owner of the Santos Linguisa Sausage factory in California, on three counts of murder in the deaths of federal inspectors Jean Hillery and Tom Quadros and state inspector Bill Shaline. Angry about his inability to cross-examine the state's witnesses, Michael Ogel, Alexander's attorney said, "I believe the evidence will show that he was provoked and that he snapped."

Our Sincere Condolences

SMA wishes to convey our deepest condolences to the family, friends, and colleagues of Dr. Robert Terrell, who passed away last Thursday, September 28 in Guntersville, Alabama. Dr. Terrell was on the faculty at Texas A&M University from 1976 to 1983, involved in processed meats teaching and research. Memorial donations may be made to the American Meat Science Endowment Fund. Cards may be mailed to: Mary Terrell, 2101 Scott St., Guntersville, AL 35876 terrell@localaccess.net

Has Your Area Code or Address Changed? New Sales Reps?

We are now updating information for the 2000-2001 Membership Directory. Forms are in the mail so that you may submit changes to your company listing. Please return these forms to the SMA office by October 15, 2000. Current information is vital to the performance of the new directory!

Featured Supplier Meating Our Needs

NOCS West Gulf

Angie Molinaar, Director, Marketing & Sales

9223 Highway 225 • LaPorte, TX 77571

Phone: 281-930-8002 • Fax: 281-930-8135

Cold storage warehouse for importing and exporting beef; transloading, stripping & stuffing of containers, drayage & storage, domestic consolidation & distribution of meats

HACCP Roundtable

Sponsored by the



Southwest Meat Association

and the

*Department of Animal Science
Texas A&M University*



DATE:

Tuesday, October 24, 2000
1:00 p.m. to 5:00 p.m.

PLACE:

Holiday Inn - Arlington
Room: Salon A
1507 N. Watson Road
Arlington, Texas 76006
Telephone: 817-640-7712

REGISTRATION FEE:

There is no registration fee, but please fill out the information below and fax the form to 979-862-3075.

Name: _____

Organization: _____

Address: _____

City/State/Zip: _____

Telephone: _____

Fax: _____

Funding for this program is possible through a USDA/CSREES Grant

