



North American Natural Casing Association

666 Eleventh St. N.W., Suite 315, Washington D.C. 20001

Phone: 202/331-8234

Fax: 202/331-3098

Email: nancahq@yahoo.com

Website: www.nanca.org

January 13, 2004

To: NANCA Members

From: Shirley A. Coffield, Counsel and Executive Secretary, NANCA

Re: BSE Update & Current Rule on Natural Casings

In response to questions raised by sausage makers, and FSIS inspectors, we have been working with APHIS and FSIS to clarify the rules on imports and use of beef casings. As you know, inspectors were telling sausage makers that no beef casings could be used. The confusion caused by the FSIS proposed regulations has been a major disruption to trade. We have been told by APHIS and FDA that there are no restrictions on imports to beef casings from BSE free countries, but FSIS is refusing to let beef casings from the small intestine (or in some cases any beef casings) from any source be used.

We requested a clarification from FSIS and received one late yesterday. According to the Assistant Administrator responsible for the proposed regulations, **there has now been a definite decision made that casings made from the small intestine of all beef animals slaughtered on or after January 12 CANNOT be used for human consumption. This clarification should relieve the pressure on the trade for a period while the supply of casings from animals slaughtered before January 12 lasts. Please be sure to have a health certificate available that can be used with FSIS inspectors which will show the date of slaughter.**

In the meantime, FAS has asked all countries to demonstrate that the small intestine has been removed before beef casing product can enter the U.S.. I have been working with the Australian embassy, which has been in discussions daily with USDA on this subject and which is very disturbed that the U.S. is not following OIE rules and is banning product from BSE free countries such as Australia. They have thus far not been successful in their requests to the U.S. government to remove BSE free countries from this rule.

We understand that the small intestine was cited instead of the distal ileum for convenience sake. We also understand that APHIS has been supportive of the U.S. following the OIE rules and has not been supportive of FSIS actions as involves imports.

In short, this is a confusing and difficult time. The fact that usage of casings is by law delegated to FDA seems not be known or understood by USDA, which is another point of contention over the proposed rules and their impact on imports and usage of product from BSE free countries.

One result of this process is that the U.S. is definitely going to be going to a positive list risk analysis for BSE — and will be requiring countries to demonstrate BSE low risk or have their products refused entry into the US. How soon this will be done remains to be seen, but our concerns about product now selected in countries not likely to be considered BSE free are now confirmed again as needing our immediate attention.

One other result seems to be that the U.S. is willing to make a distinction between lamb/sheep and beef. We will be continuing to work on that important issue with both U.S. and Canadian officials. If the BSE restrictions in the future are limited to beef, it will significantly minimize the impact on our trade.

NANCA will be making a formal submission in response to the new regulations, due by April 12. We will also continue to work with BSE free and minimal risk countries on common issues to help the industry in NA and in those BSE free countries and also continue our attempt to reopen lamb/sheep trade from all countries.

Below is a brief response I made by e-mail to the Deputy Administrator at FSIS on these issues that are important to us. Dr. Engeljohn — Thank you for your prompt response. I will inform our members so that they can present a health certificate for their products showing date of slaughter. I have a question as to what the regulatory method will be to deal with use and imports. As you know, casings in the U.S. are regulated by FDA not USDA as they are not amenable to the Meat Act. Since the small intestine has to be removed at the slaughterhouse, that is not an issue for US goods. However, for imports there will have to be some FDA, APHIS interface and separate regulations I assume, since casings are treated differently. Currently, APHIS has regulations on imports of casings, and they have not proposed any action to change their regulations (in 9 CFR 96). This will have to be resolved.

FYI, NANCA in its comments on the proposed rule involving Canada has recommended that the distal ileum be removed from all product entering the U.S., and we are certainly not opposed to that resolution. We also have not opposed the ban on beef casings from BSE and BSE risk countries. As to BSE free and minimal risk countries, we believe that there can be a clear definition of the distal ileum. In fact, even though some countries do not require the removal of the distal ileum, the distal ileum is not a very usable product, and we believe in the great majority of cases it is removed for practical purposes. In the U.S., FSIS has in fact certified that the distal ileum is removed, in its certification to Japan (prior to the Dec. 23 finding). This was based on an SOP used in the U.S. industry.

However, it will be important to give exporting countries not on the U.S. BSE list time to put into place their own certification system for removal. We will make these comments in our submission, but are concerned about the impact on the trade in the interim for trade from BSE free countries, which has supplied almost all of the beef casings used in the U.S. for the past several years. If sausage makers cannot get the product, this part of the industry will be dead by the time a rule is finally promulgated, for no reasonable safety reason. We hope FSIS will work with our major suppliers from BSE free countries to ensure rapid reopening of that trade for animals slaughtered after January 12.

Once again, thank you for your quick response. Regards, Shirley Coffield

"Engeljohn, Daniel" <Daniel.Engeljohn@fsis.usda.gov> wrote:

Effective today, cattle small intestines cannot be used from human consumption. Any casing from cattle slaughtered prior to today are allowed for human consumption. The restrictions apply to imports and exports, regardless of BSE status. FSIS welcomes comment on this issue as part of the 90 day comment period.