

Groups: Meat Labeling Rules Could Start Trade War

BY DIRK LAMMERS
Associated Press

SIoux FALLS — Meat and livestock groups upset that Congress opted in the new farm bill not to back off from mandatory country of origin labeling requirements are worried the issue could start a trade war with Canada and Mexico.

Previous labeling rules required only the country of origin to be noted, such as "Product of U.S." or "Product of U.S. and Canada." New rules that took effect last year require that labels for steaks, ribs and other cuts of meat include clear information about where the animals were born, raised and slaughtered. Labels must specify, for example, "Born in Mexico, raised and slaughtered in the United States."

"That's a really big label on a package of meat that doesn't really guarantee anything," said Cory Eich,

president of the South Dakota Cattle-men's Association.

Country of origin labeling supporters, including consumer groups, environmental groups and some independent farmers, say the requirements give consumers valuable information. But livestock groups and meatpackers say it's costly to have to segregate and track animals along the entire supply chain.

Eldon White, executive vice president of the Texas and Southwestern Cattle Raisers Association, said a number of his group's members along the border have ranches in both Texas and Mexico, and those operations typically use the same bulls between ranches. Having to split calves by birth nation cuts down on profit, he said.

"The quality of the cattle is identical, and yet the cattle coming from Mexico are being discounted between

\$40 and \$70 a head because of the additional bookkeeping requirement," White said.

Eich, a cow-calf rancher from Canova, said country of origin labeling too often is incorrectly portrayed as a food safety issue, as all meat sold in the United States is inspected by the U.S. Department of Agriculture. He noted the dozens of voluntary marketing programs, such as Certified Angus Beef, that allow consumers to buy whatever they want.

"It's perceived sometimes that we're against country of origin labeling, and it's not that," Eich said. "We're against the mandatory part."

Senate Agriculture Chairwoman Debbie Stabenow, D-Mich., said the farm bill is a huge win for ranchers, as it includes a permanent livestock disaster assistance program, a livestock forage program and export assistance. But some of the groups came in to the

House and Senate wanting to repeal country of origin labeling and "there was no way," she said.

"The votes were not there in either body to do that," Stabenow said during a Jan. 28 farm bill conference call. "And so we moved forward to achieve what we could together."

Congress' decision not to address the issue has drawn criticism from Canadian officials, who say the country may retaliate by imposing tariffs on a wide range of American products.

Federal Agriculture Minister Gerry Ritz and International Trade Minister Ed Fast said the detailed origin labels drive up the price of Canadian exports and undermine competitiveness, causing about \$1 billion a year in losses. A public hearing before the World Trade Organization is set for Feb. 18 in Geneva.

"By refusing to fix country of origin labelling, the U.S. is effectively legislat-

ing its own citizens out of work, and harming Canadian and American livestock producers alike by disrupting the highly-integrated North American meat industry supply chain," the ministers said last week in a statement.

Kenny Graner, a farmer and rancher with a 250-head cow herd in North Dakota's Morgan County, said he's surprised by Canada's reaction to the labeling mandate because most residents of the United States' northern tier know that the quality of the breeds are nearly identical.

"Canada is just 100 miles north of us," said Graner, president of the Independent Beef Association of North Dakota. "They have the same genetics and quality of beef that we have. Canada should be wrapping themselves around country of origin and wanting to distinguish themselves separate from Mexico, Brazil, Argentina, Australia."

EB-5

From Page 1

Last week, Gov. Dennis Daugaard distributed to legislators the reports from two private accounting firms that examined GOED's internal controls practices and audited two of the office's programs.

Those were conducted at the request of state Commissioner of Economic Development Pat Costello. The work covered activities dating to 2009. The Stulken Petersen received a total of \$35,000 for its work and the Eide Bailly firm got \$12,724.

Daugaard also provided to legislators the responses from State Auditor Steve Barnett and the state Bureau of Human Resources regarding the accountants' findings.

The governor, in a letter accompanying that information, said Department of Legislative Audit officials expect to conclude their work "in the

next few weeks." Daugaard said he would share that third set of results with legislators too.

The Department of Legislative Audit is a sub-branch of the Legislature that conducts an annual compliance and financial of state government.

The state auditor is an elected state officer whose staff processes payment requests such as for payroll, services and purchases.

The Legislative Audit inspection was also conducted at Costello's request. Its cost isn't known yet.

The legislative resolution, HCR 1010, calls for hearings into GOED's operations to start upon receipt of that audit. The committee is to issue its own report of its findings within 30 days of completion of the hearings and no later than Dec. 1.

"I have always believed that legislative hearings to consider the findings of these reports are advisable, and I agree the Government Operations and Audit Committee (GOAC) is the appropriate forum for that discussion," Daugaard told legislators in his letter.

The governor said he intends to ask the auditors to present their findings to the committee. He said state officials from the respective agencies involved will discuss their recommendations and responses to the findings.

"I believe GOAC should expect to spend a full day on these topics, and auditors could be available in the week after the DLA audit is completed," Daugaard said.

The legislative resolution gives wide authority to GOAC's five senators and five representatives. The GOAC chairmen are Sen. Larry Tidemann, R-Brookings, and Rep. Dan Dryden, R-Rapid City.

"Hearings may include a review of all available audits and other information, ordering of additional audits, questioning of persons involved in related economic development projects and opportunities for public testimony," the resolution states.

"The committee's powers to summon witnesses and issue subpoenas may be exercised as necessary," it continues.

A federal grand jury issued a subpoena last March to the Daugaard administration seeking eight sets of information.

The governor's lawyer then contacted state Attorney General Marty Jackley to conduct an investigation into travel billings submitted in 2009 and 2010 by Richard Benda, who was secretary of tourism and state development in the administration of then-Gov. Mike Rounds.

None of that became publicly known until approximately one month after Benda's death on Oct. 20. The official ruling was that Benda committed suicide using a stick to fire a shotgun into his abdomen while dressed in hunting clothes at a relative's farm near Lake Andes.

Still unknown is the substance of the other seven sets of information sought by the federal subpoena.

Benda had signed a contract with SDRC Inc. of Aberdeen for SDRC to manage the EB-5 investment program for South Dakota.

EB-5 refers to a federal visa provi-

sion that allows a foreign investor to loan at least \$500,000 to a U.S. project and, if sufficient jobs are created, the investor can receive a permanent visa for the investor and immediate family to live anywhere in the United States.

SDRC routed tens of millions of dollars in foreign investments, largely from China and Korea, to projects in South Dakota starting in 2008. Benda wasn't retained by the Daugaard administration in 2011 and went to work for SDRC.

Costello terminated state government's contract with SDRC in September 2013 after learning the results of the attorney general's investigation. No criminal charges have been filed. Attorney General Marty Jackley turned over his findings to federal investigators.

**More Midwest
News On Page 14**

Bridge

From Page 1

steel pilings, pour new concrete abutments and then put the superstructure of the concrete deck back on those new abutments," he said. "That could all be done this spring fairly quickly as soon as materials are available."

The project would include accommodations for drainage that could prevent deterioration of the bridge. Currently, water runs off the hill and through the substructure of the bridge.

"They put a two-foot square section of crushed rock with a drain tile through it (behind the concrete abutment) so that water, as it comes up against that concrete, can dissipate out to the shoulders," Asmus said. "It's a fairly common practice."

He estimated the bridge would be shut down for four to five weeks.

"We probably wouldn't want to tear it up while spring planting is going on," Asmus said. "We would work on a timeframe with (Yankton County Highway Superintendent Brian Gustad)."

Commissioner Donna Freng inquired as to why the bridge along 301st Street was selected for repairs.

"We have a lot of bridges that need work," she said.

Gustad said repairs have to start somewhere, and 301st Street is one of the more heavily used county roads. A traffic study showed an average daily count of 92 vehicles, with a high of 145 and a low of 82.

"I think it would be a good spot to start and go forward from here," Gustad said.

The commission unanimously approved a \$121,725 contract with Hollaway Construction to do the repairs.

It also authorized a \$1,400 expenditure to Johnson Engineering to complete a 404 permit application to the U.S. Army Corps of Engineers. Corps approval is needed before the project can proceed.

"I think (this project is) something we need to move on," Commission Chairman Bruce Jensen said. "It's not going to get any better."

You can follow Nathan Johnson on Twitter at twitter.com/AnInlandVoyage. Discuss this story at www.yankton.net/.

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