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HOTLINE

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WHAT CAN WE LEARN FROM THE PCB PROBLEM AT THE PIERCE PACKING COMPANY?

(A special letter from the Poultry and Egg Institute to its members)

Fred C. Pierce, II, came to Washington, D. C. recently. Before September of this year, few people outside of Billings, Montana, would have known who Fred was.

But things suddenly changed for Fred. For when he walked into a Washington congressional hearing room, five television film crews focused their cameras on him. Thirty news reporters reported his every word. In fact, within a two week period, Fred Pierce had become a "household word" in many parts of the country.

A dark horse unannounced presidential candidate to challenge President Carter and Senator Kennedy for the Democratic nomination you ask? On the contrary, Pierce was just like thousands of other business executives. He ran Pierce Packing Company, a 50 year old family business with $60 million in annual sales and 450 employees. He enjoyed the quiet life and low profile that can be found in the beautiful state of Montana.

Pierce's life changed on September 13, 1979. On that day, he was told that PCBs had been contaminating for a number of weeks the feed materials that he was selling. Fred's first reaction was that this couldn't be. His plant was under government inspection and his electrical transformers, the suspected source of the PCBs, had been inspected and serviced the week before.

Even after several days of searching his facility, the source of the contaminants could not be found. Finally, Pierce's plant engineer remembered that the company had a spare electrical transformer in a remote machinery storage area. Immediate inspection found a ruptured coolant tube on the transformer. The coolant which contained the PCBs leaked into the plant's waste water system where recovered solids from the cleaned water combined into animal feed.

The company notified FDA and EPA immediately and quickly cleaned and repaired the source of the contamination.

PCBs which have been widely used as fire retardants, heat transfer fluids, lubricants and for other chemical uses, have been called "the most widespread chemical contaminant known to man."

Between 1930 and 1970, over a billion pounds of PCBs were manufacturered. This chemical substance has three characteristics of particular concern to the food industry: they are fat soluble, extremely toxic, and not biodegradable. To Fred Pierce, PCBs were the beginning of a fiendish nightmare that still to this day has not ended.

Will the Pierce Packing Company survive financially? We don't know. History does tell us that lawyers will argue for months or years over the liabilities involved. What about the other companies involved, particularly a number of the egg producers who lost their entire flocks and thousands of case of eggs? What about the further processors?

Some will say that the reputation of the poultry and egg industry has undoubtedly suffered, as both consumers here and abroad question the safety of our products. (FDA and USDA are confident that they have accounted for all or almost all of the product involved.) Directly, between 500,000 and 750,000 egg layers will be destroyed and close to 20 million eggs will be lost. Large quantities of further processed product will also be destroyed.

One PEIA member reports that he will have to destroy his entire flock of 110,000 layers. His losses will be over $600,000, not to mention the potential liability claims of his customers.

(Continued on Page 3)

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SPECIAL REPORT

CLASSIFIED TURKEY STORAGE STOCKS - - - September 30, 1979

The cooperation of 178 members of the International Association of Refrigerated Warehouses makes it possible for us to give you this report. It shows the quantity of turkeys in each of the different classes that these warehouses had in storage at the close of business September 30, compared with wha they had on the same date last year.

PLEASE NOTE: This report should not be used in the same way you use USDA figures on turkey holdings. These figures are from IARW members only. They do not include any turkeys held in private warehouses. The value of this report lies in the fact that it shows the percentage of holdings in each of the different classes. So when USDA releases its storage report for September 30, you can apply these percentages to the pounds of turkey they show in storage and get a fairly close estimate of what the national holdings are in each of the different classes.

The 178 IARW warehouses reporting this year showed they are holding 213,806,147 pounds of turkey (compared to 146,361,666 pounds reported by 166 warehouses a year ago).

28 of the warehouses said they had no turkeys (compared to 39 that reported no turkeys a year ago).

6 warehouses reported 2,952,486 pounds unclassified (compared to 4 warehouses reporting 2,549,176 unclassified a year ago).

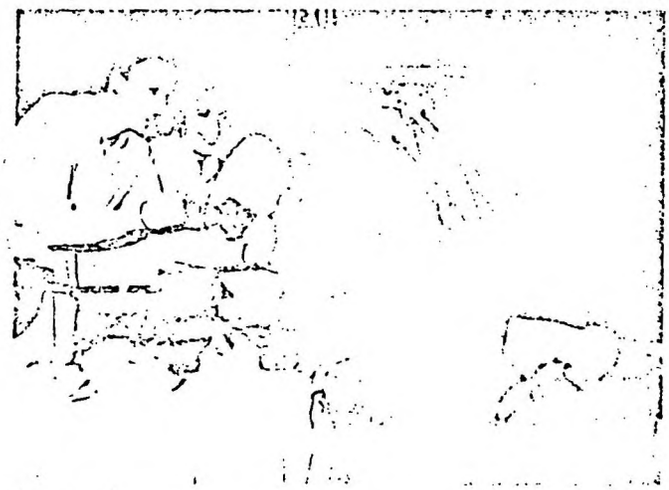
149 warehouses reported CLASSIFIED TURKEYS (compared with 127 a year ago). Their classified tonnage breaks down this way:

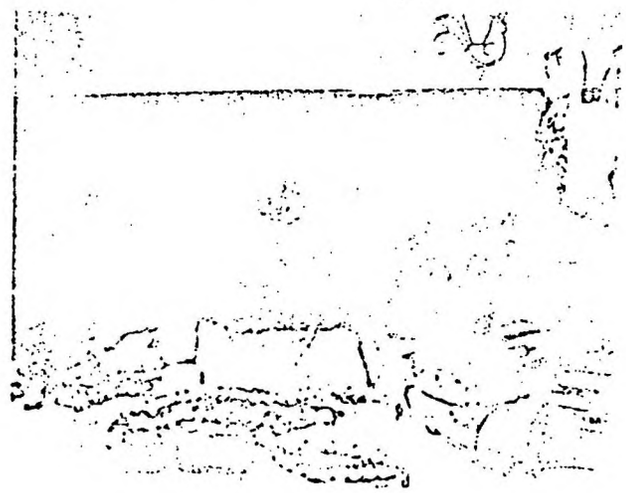
	September 30, 1979		Prev. Report	Year Ago
	POUNDS	% of Total	6-30-79	9-30-78
Tom Turkeys	74,007,311	35.10	33.36	36.05
Hen Turkeys	74,313,426	35.24	32.65	39.61
Broiler-Fryer Turkeys	4,945,180	2.35	4.22	2.35
Canner-Type Whole Turkeys	22,556,630	10.70	6.71	5.85
All Further-Processed Items (including raw meat & parts)	35,031,114	16.61	23.06	16.14
CLASSIFIED TOTAL	210,853,661	100.00	100.00	100.00

We issue a similar report on turkey holdings at the close of business June 30 and January 31.

PLEASE NOTE: The final program of our 1979 HATCHERY MANAGEMENT WORKSHOP is enclosed with this HOTL To assure your place in this excellent workshop, we urge you to contact us today.

POULTRY AND EGG MINI-BANQUET A SUCCESS (Below are some of the pictures from our party for hotel ca





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(LETTER TO MEMBERS CONTINUED.....)

Not only are the economic losses to a company great, but so is the burden of governmental intervention on behalf of the public safety. USDA, EPA, FDA, OSHA, NIOSH, the U.S. Public Health Service, the U.S. Department of Labor, the Center for Disease Control, the Montana Department of Health and Environmental Sciences, the Montana Air Quality Control and the Yellowstone County Air Quality Control agencies (plus others) all investigated the Pierce Packing Company. One agency alone, FDA, had over 100 agents tracking the movement of contaminated product.

We have met Fred Pierce and his wife. They are decent and honorable people. From their tragic experience, the animal feed, producing and processing industries can learn a good deal. The lessons are simple:

1) KNOW WHERE IN YOUR OPERATIONS THE TOXIC DANGERS ARE. Fred Pierce said in his sworn testimony that he had no idea that sources of possible PCB contamination existed within his plant No written or verbal warning had been provided with the transformers, nor warning labels placed on the equipment. He would not have situated the unused transformer where it was, had he known of the potential risk. PEIA urges its member companies and their feed suppliers to examine their transformers, heat exchangers, pasteurization systems and other equipment as potential sources of accidental contamination. Ask your engineering staff to make a toxic substance inventory for you plant. The manufacturing of PCBs has been prohibited by law for several years, but PCBs exist today in equipment used in even the most modern of plants.

2) SAFEGUARDS. Safeguards to protect against accidental contamination, if not already installed, should be considered. For example, containers large enough to hold leakage and spills should be placed underneath potential sources of contamination. Curbs or barriers should be placed around equipment to prevent breakage by heavy machinery. Approved Caution signs should likewise be placed. Make sure that all pipes, electrical conduits, etc., that are located in an area of potential spill, are constructed in such manner as to be unable to carry away toxic substances inside or along the surface.

3) INDUSTRY EDUCATION PROGRAM. An educational program is needed by the electrical equipment manufacturers for their customers. For example, it is difficult to tell from the brand names of chemicals used for replacement or original coolants if they contain PCBs. PCBs should be labeled and information should be given as to their proper use and disposal.

4) ECONOMIC ASSISTANCE. The congressional committee holding hearings, as well as others inside and outside of government are considering the need for some type of disaster assistance funds, either from government or a private insurance industry fund, to reimburse those innocent victims who suffer from freak and extraordinary damages when a toxic non-agricultural chemical accidentally contaminates the food chain. Either low interest loans or outright grants to rebuild lost businesses should be considered. Pierce Packing was neither the first nor the last PCB episode. The multiphing effect of the food chain places those at the bottom of the chain in real jeopardy of large financial liabilities.

5) BETTER COORDINATION. One cannot help but be impressed by the large number of federal, state and local government officials who became involved once the PCB problem had been identified. However, the burden on the accidentally involved businessman is tremendous. We agree with Fred Pierce's call for the need of ONE government official to be assigned to work with a company. That official should have the power to coordinate all investigative efforts pertaining to that company from any level of government. He should also be able to keep the company informed of all decisions, and he should minimize duplicative investigative inquiries.

6) RESPONSIBLE MEDIA REPORTING BY THE GOVERNMENT. A prompt and well-informed reporting system to the media is needed to keep the public informed and to minimize scare and panic. A firm policy must be established by governmental agencies requiring that a company be notified of its test results before they are released to the press.

No doubt we have not heard the end of PCBs, but we can minimize the risk. The federal government will be considering in the weeks ahead some of the issues mentioned above. The House Commerce Subcommittee will hold at least one more day of hearings. Discussions will continue on the way to provide for some type of economic disaster protection for the innocent victims such as already exists for "Perils of God." Should equipment manufacturers be required to replace PCB transformer coolants to non-toxic coolants for those transformers used near components of the food chain?

In November, FDA will begin discussions with representatives of the agribusiness community to find ways in which additional preventive controls can be identified and developed. Working with the Association of State Feed Control Officials, FDA hopes that this meeting will lead into a major educational effort so that awareness of PCBs and similar problems will be of second nature to all of us in the food production chain. It is a responsibility all of us have in the agricultural community. It is a responsibility that none of us can afford not to take.

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EGG MARKET INDICATORS

	Week Ending 9-29-79	Chg. from last week	% Change from '78
Commercial Egg Movement (Cases)			
Received from Producers	1,593,000	n/c	+6%
Eggs broken under federal inspection	495,421	+2%	+4%
Retail Egg Movement (Cases) in 12 major markets	534,900	+2%	+5%
Storage Holdings, Selected Cities	10-8-79	Week ago	% Change
Shell Eggs (Cases)	7,300	6,600	+11%
Frozen Eggs (lbs.)	6,951,000	6,535,000	+ 6%

TURKEY MARKET INDICATORS

	9-29-79	Year Ago	% Change
Poults Hatched, 9 states	1,530,000	1,053,000	+45%
Turkey Eggs Set, 9 states	2,435,000	1,934,000	+26%
Storage Holdings, Selected Cities	10-8-79	Week Ago	% Change
Processed Turkeys (lbs.)	204,321,000	195,096,000	+5%

BROILER MARKET INDICATORS

	10-6-79 (EST)	9-29-79 (Rev)	% Change
Federally inspected pork yield (lbs.)	315,200,000	299,700,000	+5%
Federally inspected beef yield (lbs.)	382,800,000	389,100,000	-2%
Nine City weighted avg. of prices	Wk. of 10-8-79	Week Ago	Year Ago
for r-t-c iced packed broilers, per lb.	37.17¢	36.00¢	41.90¢

BROILERS (000 Omitted)

Week Ending 10-06-79	Eggs Set 1979	Eggs Set 1978	Chicks Placed 1979	Chicks Placed 1978	Cumulative Placements for yr. beginning wk. ending 11-25-78	Year Earli
Alabama	11,950	11,367	8,284	7,705	439,340	405,676
Arkansas	16,014	15,116	10,454	9,995	613,934	563,428
California	3,588	2,897	2,885	2,321	127,738	114,579
Delaware	3,158	3,990	3,541	3,273	160,449	155,498
Florida	2,554	2,107	1,538	1,476	72,266	69,291
Georgia	13,016	12,697	8,950	9,056	514,703	492,871
Indiana	501	464	257	252	13,356	13,093
Louisiana	---	------	---	------	---	-------
Maine	1,674	2,079	1,081	1,443	80,814	80,560
Maryland	5,593	4,517	4,136	3,894	225,192	206,106
Mississippi	5,836	6,062	4,969	4,965	256,685	252,499
Missouri*	1,757	2,143	2,237	2,072	95,763	91,384
N. Carolina	8,782	8,349	6,712	6,338	350,017	325,461
Oregon	572	516	239	274	18,398	14,682
Pennsylvania	2,646	2,717	1,539	1,988	97,460	90,958
S. Carolina	1,033	1,008	736	838	38,824	36,224
Tennessee	651	598	1,119	1,000	47,538	41,006
Texas	5,379	5,018	3,992	3,392	196,985	182,793
Virginia	3,470	2,917	2,177	1,576	121,028	84,554
Washington	293	291	312	305	18,563	16,406
W. Virginia	0	0	403	346	17,901	15,060
TOTAL	88,467	84,853	65,561	62,509	3,506,954	3,252,229
Chg. from 1/w	-2,791		+484			

* Louisiana and Missouri combined

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