

*Statement of Justin Conrad  
President  
Libby Hill Seafood Restaurants, Inc.*

*Statement before the Energy & Commerce Health Subcommittee  
“Waste and Duplication in the USDA Catfish Inspection Program”  
United States House of Representatives  
Washington, D.C.  
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Mr. Chairman and members of the Subcommittee, my name is Justin Conrad and I am the President of Libby Hill Seafood Restaurants, Inc. (Libby Hill) and Bay Hill Seafood Sales, LLC, both based in North Carolina. I am a proud member of the National Restaurant Association, an organization that my father, Ken Conrad, proudly served as Chairman. I thank you for holding this hearing and appreciate the opportunity to present my views on this important topic.

Libby Hill is a small restaurant chain that has been in my family for 3 generations. It is the kind of small businesses that politicians like to talk about when they talk with voters about growing the economy. We hire and source locally when we can and also provide great seafood from around the world to our hundreds of thousands of guests each year. Our motto is “We bring the Coast to you”. We provide meals to the average hard working American family.

Our combined companies currently employ roughly 150 workers in North Carolina.

FDA’s HACCP system works for our seafood distribution and restaurants business. My family has served millions of meals to Carolinians and others travelling through our neighborhood ... and we have never had a food safety incident associated with seafood. So, if we have never had a problem, and FDA is our regulator, what exact problem was Congress trying to solve when it shifted regulation of catfish from FDA to USDA in 2008? I can tell you this, it was not about food safety.

This catfish program is a caricature of all the things that upset the average American about Washington, D.C.:

1. It wastes taxpayer dollars: The Government Accountability Office has 10 times called the USDA program a waste of tax dollars and at high risk for abuse. GAO even put out a report stating Catfish Regulation Should not be Assigned to USDA. Why even have a GAO if Congress blows off their recommendations 10 times?
2. It increases the government cost of doing business 20 times over: USDA has told Congress (repeatedly), has told the Office of Management and Budget, and told GAO that the USDA catfish program will cost \$14 million per year. According to USDA, FDA spends \$700,000 for catfish oversight. How can Congress tell the American taxpayer it is acceptable for USDA to spend 20 times what it costs FDA to do the same job?

3. It does not improve food safety: USDA, through its own risk-assessment, admits that the effectiveness of the USDA catfish program is “unknown.” The Centers for Disease Control and other public health agencies state that catfish (both imported and domestic) is a “low risk fish.” USDA also admits that no one has gotten sick from salmonellosis (the USDA’s focus) since introduction of FDA HACCP in 1997. Again, what problem was Congress fixing by creating the USDA Office of Catfish Inspection?
4. It requires two regulators in the same plant: FDA regulates all seafood, but for catfish. USDA regulates all beef, pork, poultry, and only catfish among seafood. Our suppliers must have a food safety system to meet FDA’s federal regulation for the pollock, flounder, shrimp and other seafood items we serve to our customers. Our suppliers must also have a USDA employee at our facility whenever we process catfish. How can Congress or anyone else claim that requiring us to have two regulatory systems to oversee the same plant is not duplicative?
5. It destroys economic freedom: The USDA rule requires my suppliers to gain a USDA inspectors’ blessing for our operating schedule two weeks in advance (that is 336 hours in advance). Chefs in the Carolinas often call their suppliers for a catfish order 6 hours in advance. How is our economy going to grow when a private company must seek federal government approval for its operating schedule 336 hours in advance – and what does that level of regulation do to the small businesses that are responsible for job growth across the nation?
6. It will create a de fact barrier to a fish American enjoy: Let’s be honest. The USDA catfish program is designed as a trade barrier. It was promoted by narrow special interest that wanted to protect themselves from competition. If Congress really believed USDA were a better food safety regulator, why shift only catfish from FDA to USDA?
7. It does not create a level playing field for imported and domestic fish: Federal regulations have always required our company to treat domestic and imported seafood the same under FDA’s HACCP program. Congress had enough confidence in FDA’s seafood HACCP program that it became the foundation of the Food Safety Modernization Act Preventative Controls measures. For more than 20 years, all Libby Hill’s suppliers, whether local or imports, have been required to follow the same rules. Nothing has changed.
8. It reduces competition: Those of us who believe in a free market relish competition. By contrast, crony capitalists seek to use rules to prevent competition. The USDA program will eliminate all imported competition and most domestic competition. The Committee may have already heard from catfish producers (both wild and farmed) who oppose this program as a costly, unnecessary burden. How can Congress favor a program that



destroys small business in favor of 2-3 large companies that can afford the capital costs of USDA regulation?

9. It will increase food costs for the American family: Pangasius is today the sixth-most popular seafood item Americans enjoy. It represents about 29% of all the value white fish that restaurants and retailers offer. Basic economics say that if you eliminate 29% of a supply, prices will rise sharply. How can Congress tell the American family that it established a program that will not improve their health, but will cost them more when they try to enjoy a fish meal at the local restaurant?
  
10. It will likely expand to other seafood items: Finally, there is growing concern that the USDA catfish program would set a dangerous precedent of moving inspection of other fisheries from FDA to USDA. Catfish farmers have publicly stated that tilapia should be subject to this burden. We understand that some shrimp companies have already requested to be added to the program, as a means to avoid competition. Expanding this harmful program will hurt more American small businesses. I can tell you that it will destroy the shrimp industry in N.C. But the temptation to help the crony capitalists is very strong. Unless the House acts now to reverse this awful policy, I would not be surprised if Congress attempts to expand the USDA program in coming years.

Distributing safe, healthy seafood and serving delicious, affordable seafood meals is what our family business has done for decades. Keeping the unnecessary USDA program out of our facilities and off our plates saves consumers money. A tip of the hat to the Senate for passing S.J. Res. 28, and another to many of you in this Committee for recognizing the opportunity to save small business the onus of another regulatory burden. It is my sincerest hope that you can persuade House Leadership to bring this to a vote before you go home for Christmas.

Thank you for the opportunity to share these views today.