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Consumer News

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Tobacco Companies Selling Abroad With Help Of U.S. Government

As domestic consumption has declined, U.S. tobacco companies have successfully sought to increase their share of the worldwide cigarette market. The U.S. International Trade Commission recently found that during the period from 1986 to 1990, "the United States became the leading cigarette exporting country in the world."

To attain this extraordinary increase in sales, U.S. tobacco companies have supplemented their own aggressive marketing strategies with support from the U.S. government. For example, the U.S. Department of Agriculture just gave domestic tobacco growers \$3.5 million for promotion of U.S. tobacco overseas.

In addition, the U.S. Trade Representative ("USTR") has been helping to pry open foreign markets for U.S. tobacco products. The USTR has helped sell American cigarettes in Japan, South Korea, and other Asian countries. Those countries collectively account for about forty percent of the export market for American cigarettes.

The USTR, during trade negotiations with China, recently pushed for changes in a Taiwanese Anti-smoking law which would ban cigarette advertising and promotion. However, Shih Yao-tang, deputy director of the National Health Administration of Taiwan, indicated that he would not yield to American pressure.

Several American health advocates have appealed to President Bush to stop helping U.S. tobacco companies promote their products overseas. Yet, the USTR continues to support U.S. tobacco sales abroad by opposing anti-smoking legislation in other countries.

The government has a strong incentive to assist U.S. tobacco companies in exporting their products because U.S. tobacco is generally sought in other countries for its

relatively high quality. The United States currently produces 12.5 percent of the world's cigarettes and is second only to China, which makes approximately thirty percent of all cigarettes.

U.S. tobacco products enjoyed a \$4.8 billion trade surplus in 1990. According to Farrell Delman, president of the Tobacco Merchants Association, "the tobacco industry's trade surplus was the sixth largest contributor, of all U.S. industries, to the positive side of the nation's trade ledger."

Nevertheless, health officials continue to deplore the government's involvement in promotion of cigarettes abroad. The American Cancer Society asked President Bush to ensure that the secretary of Health and Human Services ("HHS") approve all proposed trade action involving the export of cigarettes.

The American Heart Association and the American Lung Association joined the American Cancer Society in writing a separate letter to Louis Sullivan, the HHS secretary. That letter called his attention to efforts by the USTR to oppose foreign bans on cigarette advertising.

Antonia Novello, the Surgeon General, has also joined the crusade against cigarette marketing overseas. She has focused on Latin America and the Caribbean, issuing a 213-page report entitled "Smoking and Health in the Americas." Novello, however, has not specifically blamed American tobacco companies.

Consumers Demand Safer Seafood

Americans are eating nearly twenty-five percent more seafood than they were ten years ago. Less than twenty percent of all commercially available seafood is tested before it is distributed to consumers.

In February, however, the Consumers Union published a study in its publication, *Consumer Reports*, which indicated that forty percent

of the seafood it sampled was of poor or fair quality. Nearly half of the seafood was contaminated with bacteria.

The Consumers Union tested seven types of seafood bought from retail stores in New York and Chicago. The article recommended that pregnant women stay away from some types of fish, notably salmon, swordfish, and lake whitefish, because they contained trace amounts of polychlorinated biphenyls ("PCBs"), ranging from 0.7 parts per million ("ppm") to 1.3 ppm.

The Food and Drug Administration ("FDA") has taken issue with the article, asserting that seafood is perfectly safe. The FDA is responsible for inspecting seafood processing facilities.

The FDA criticized the article on several points. For example, Fred R. Shank, director of the agency's Center for Food Safety, criticized the study for its focus on bacteria levels. In a letter to Irwin Landau, editor of *Consumer Reports*, Shank remarked "we are not aware of any regulatory agency in the world that counts bacteria to evaluate spoilage."

In addition, the FDA limit on PCBs in fish is 2 ppm and the agency's letter indicated that there have been no scientific studies to suggest that the lower levels reported in the article would be harmful to pregnant women.

Still, the FDA concedes that handling of seafood may be improved. In fact, the FDA increased its inspections in 1990. It increased spending for inspections from \$25 million to \$40.5 million, and it nearly doubled its inspection force.

The Consumers Union, however, charges that the FDA's resourc-

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es simply are not great enough to do the job. In 1989, the FDA checked only 1,604 fish samples. Meanwhile, the Department of Agriculture, which has a \$500 million budget, checks 185,000 samples annually.

In addition, seafood processors may participate in a voluntary program for which they must pay a fee based on the amount of fish inspected. If after inspection, their fish meets program standards, they are awarded a government seal of approval. Only seven percent of an estimated 2,000 processors currently participate in this voluntary program.

Regulators have also had trouble ensuring seafood safety because testing technology has been inadequate. Seafood often contains unusual toxins which, unlike spoilage, are hard to detect. For example, brevetoxin, produced by algae found in the red tides which periodically hit American coastal waters, causes neurotoxic shellfish poisoning, a particularly virulent type of shellfish food poisoning.

Conventional tests are slow and require large samples of each fish to be sold. Researchers, however, have begun using new tests, such as gene probes, which require smaller samples and take only a few hours.

In response to concerns about seafood safety, Congress is now considering legislation that would create a mandatory inspection program for seafood. The bill, called The Consumer Seafood Safety Act of 1992 ("Seafood Safety Act"), has recently been introduced in the Senate.

The bill, introduced by Sen. Patrick Leahy (D. Vt.), would divide inspection responsibilities among three federal agencies, the Department of Agriculture ("USDA"), the FDA, and the National Oceanic and Atmospheric Administration ("NOAA"). In 1990, similar legislation failed due to agency rivalry over jurisdiction.

Major provisions of the proposed bill include:

- Mandatory USDA inspection of imported seafood and foreign processing plants;
- State inspection of domestic processing plants;
- USDA sampling of fish sold in supermarkets;

- Food Standards set by the FDA;

- Tough FDA criminal and civil penalties for selling contaminated fish;

- NOAA authority to close contaminated waters;

- Consumer education on fish selection, preparation, and storage;

- Whistleblower protection for workers in the processing industry.

Consumer advocates are praising the proposed legislation. The National Fisheries Institute, a lobbying group for the seafood industry, also supports the bill. Lee Weddig, executive director of the National Fisheries Institute notes "after all of the negative publicity seafood has been receiving, we are looking forward to being able to reassure consumers about the safety of the U.S. Seafood Industry."

The Bush Administration, however, is expected by some to veto the bill. There is debate over who should pay for inspections, and the Office of Management and Budget wants the seafood industry to pay for inspections through user fees. Consumers and industry groups point out that other food processors do not pay for inspections.

Tug-O-War For Future of Telecommunications

Two giants, the cable TV industry and the telephone industry, are fighting for control of the future of telecommunications. Local telephone companies are currently lobbying Congress for new legislation which will allow them to provide local cable service for the first time. Meanwhile, cable companies are buying small telecommunications companies and providing private communications systems to corporate customers.

Both industries are vying to be the first to provide consumers with the next generation of home communications services made possible because of advances in fiber optic technology. These futuristic products include interactive television and a new generation of wireless telephones, facsimile machines, and computers which can participate in wireless networks.

Cable companies seem to have a competitive edge since they are free to expand into communica-

tions. Earlier this year, Tele-Communications, Inc. ("Teleport") acquired the Teleport communications group, a telephone company that provides businesses with private networks and connects them to long-distance carriers, bypassing local telephone companies.

Teleport currently has networks in Chicago, Los Angeles, and New York, and plans to expand to the suburbs of those cities. In addition, the cable industry currently reaches nearly ninety percent of consumers in their homes.

The cable industry appears poised to provide exciting new services through these networks. Nicholas Kauser, chief technology officer for McCaw Cellular Communications of Kirkland, Washington, observes that "they have the infrastructure to provide an interesting broad-band communications network."

Nevertheless, consumers will accept nothing less than excellent telephone service. Mr. Kauser points out that "what they don't have is the right mental attitude. They still have the attitude that they are in the entertainment business."

Local telephone companies say they do not mind competition from cable companies in telecommunications. The telephone companies, however, would like the chance to compete in cable services and eventually in new telecommunications services that use the combined technologies.

Currently, local telephone companies are barred from providing video services in their own service areas under the Cable Communications Act of 1984. Cable companies have supported these restrictions, arguing that local telephone companies would use their monopoly power to compete unfairly in the market for cable television services.

In Congress, however, lawmakers in both houses have introduced bills which would lift current restrictions barring entry by telephone companies into cable markets. Proponents of these bills point out that in many cities, big cable operators have monopolies of their own and are now capable of withstanding competition from telephone companies.