

FLEXNEWS**:. Food Industry News****Categories: Food Safety****US Peanut Industry Recovering after Outbreak -Lawmaker**

Source: Reuters

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Washington, April 22 - The U.S. peanut industry is starting to rebound from a nationwide salmonella outbreak that sent consumers fleeing from popular products such as peanut butter, a lawmaker from the country's largest peanut growing state said on Tuesday.

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Sen. Saxby Chambliss, a Georgia Republican, told reporters peanut sales rose during March, a sign that "it's going to be a shorter period of recovery than we thought it might be."

Peanut butter sales plunged 25 percent in the wake of a salmonella outbreak that began in September. The scare sickened nearly 700 people. More than 3,200 peanut-based products from crackers to ice cream were recalled in the largest food recall in U.S. history.

The Georgia Peanut Commission said in March the fallout from the recall could cost the U.S. peanut industry \$1 billion. The source of the outbreak was traced to a Peanut Corporation of America processing plant in Georgia.

Peanut buyers slashed contracts for the crop this year following the outbreak, and the U.S. Agriculture Department projected peanut acreage this spring would be the smallest since 1915.

"It is still going to be a huge hit on the ag economy in my state," Chambliss told a North American Agricultural Journalists' meeting. But, he added, "We're recovering from that disaster."

The salmonella outbreak hit Georgia, the country's largest peanut producer, especially hard. During 2008, the state produced 2.3 billion lbs of peanuts, or nearly 45 percent of the United States' total output.

The salmonella outbreak was the latest major food recall to batter the country's food supply since 2006.

Other illness outbreaks caused by contaminated lettuce, peppers and spinach have eroded public confidence in food safety and renewed calls for change at U.S. Food and Drug administration, which oversees 80 percent of the food supply.

Several bills have been proposed in Congress that would overhaul the antiquated food safety system, focusing on increased funding and authority for the FDA.

Chambliss said everyone in Congress agrees reform is needed, but there is no consensus on how to overhaul the system.

Rep. Collin Peterson, who chairs the House Agriculture Committee, said most lawmakers don't "have a clue what's going on with" food safety reform. "They want this fixed. They want to be able to have a food safety system they can rely on and

their constituents can rely on," he said.

Peterson said he supported a proposal from grocery store chain Supervalu Inc that would split food oversight. USDA would oversee the food supply from the farm to processing, with the FDA taking over the rest.

"I think that's the idea, at least on the surface, that seems the most sensible," he said.



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