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TCFA, TSCRA OFFICERS TESTIFY ON MANDATORY COOL

A voluntary, rather than mandatory, country-of-origin labeling (COOL) program was the clear preference at the May 1 USDA listening session in Austin.

TSCRA President Bob McCan, Victoria, began the four-hour hearing by testifying, "Labeling beef as to its country of origin is a worthy concept." However TSCRA supports a voluntary program rather than a mandatory program with burdensome regulations and undefined costs to the producer.

The Texas Cattle Feeders Association (TCFA) has a similar position. "TCFA strongly supports voluntary COOL as a viable alternative to mandatory COOL," testified Ernie Morales, TCFA chairman-elect from Devine. "Our position is based on the premise that, if benefits exceed costs, voluntary labeling would be supported by the market. Mandatory programs are only needed when consumer demand will not pay for the increased costs."

Discussions with USDA officials have convinced TSCRA and TCFA leaders that cow/calf and stocker operators along with cattle feeders will be required to maintain extensive and auditable records to ensure compliance with the law.

Morales said many cattlemen question the intent of mandatory COOL. "Maybe it was adopted to create trade barriers for imported feeder animals from Canada and Mexico. We should think twice about discriminating against our Canadian and Mexican neighbors. Mexico was the largest importer of U.S. beef and beef products last year. We cannot afford to jeopardize this market with artificial trade barriers that create retaliation against our products."

As a consumer information law, McCan pointed out COOL fails to meet that purpose. "Approximately 80 percent of foreign beef consumed in the U.S. is through foodservice or processed products." Since these two categories are exempt from country-of-origin labeling, consumers will seldom be able to actually identify and choose U.S. beef on a restaurant menu or in a processed product at the grocer.

Many producers question the costs of COOL, Morales said. "Mandatory COOL will add costs to the production, processing, distribution and sale of beef," he said. "Estimates range up to nearly \$10 billion for the beef industry alone." While Morales said considerable debate exists over what the actual costs will be, "they will be significant because Congressional intent requires a verifiable, recordkeeping audit trail."

Additionally, there is not sufficient evidence to suggest consumers will pay a premium for strictly U.S. beef, nor to suggest they would continue to pay a premium in the coming years. "Therefore, we are extremely reluctant to assume additional costs of a COOL system if there is a chance the benefits will not be sufficient to cover such costs," McCan said.

He went on to point out cow/calf and stocker producers are in the uncertain position of owning calves which must comply with a law which goes into effect September 2004, for which regulations have not been written.

Commodity producers from Texas and the Southwest addressed Undersecretary Bill Hawks and TDA Commissioner Susan Combs. The majority of the agricultural producers who testified were opposed to the mandatory program. Nearly two-thirds of the speakers cited the onerous burden of record-keeping, the crippling expense of reconfiguring meat processing businesses; the threat of stiff penalties; and the likely prospect of having to significantly alter their foreign purchases of cattle and fed calves, leading to worries of reciprocal action with foreign trading partners.

Of the minority who support mandatory COOL, the common thread of their comments appeared to be the "yes, but..." approach. While they approved of the intent of the law, they seemed alarmed at the burdensome record-keeping which appears to be necessary to comply with the law as written.

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