



# NEWS RELEASE

**TEXAS CATTLE FEEDERS ASSOCIATION**

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## **Packer Executives Discuss Difficulties With Cool At 2008 TCFA Annual Convention**

If cattlemen are feeling a lot of uncertainty about how their businesses will be impacted by the new mandatory country-of-origin labeling (COOL) law, they share that discomfort with beef packers.

At the Texas Cattle Feeders Association (TCFA) Annual Convention in Grapevine, Tyson Fresh Meats Senior Group Vice President Jim Lochner said mixed messages from USDA on how COOL will be interpreted have hindered the industry's ability to adjust to the new law. "We don't really have all the answers because we couldn't have formulated enough plans with the changing landscape." On an optimistic note, Lochner said packers will eventually get a clearer picture "and the market will work itself out."

Lochner was one of three packer company executives participating in a panel discussion at the TCFA Convention. Another panel member, Cargill Beef North America Business Unit Leader John Keating said complying with COOL will be expensive for the industry, but he does not have an estimate on how much additional cost packers will bear. "What we do know is our consumers are not going to pay for this branding initiative."

Because packers want to avoid passing the cost burden of COOL onto consumers, Keating said, "We're going to ask your (cattlemen's) help to make sure that cattle are not commingled when they get to us. When they get to the plants, we have to make sure that we can keep them separate, so that we can run the cattle as cheaply as we can to get (product) to the consumers."

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As packers try to minimize costs, Lochner said he is not sure if that will “require segmentation of plants or days to harvest.” He added that such decisions “will depend on the consistency of supply.” He also said Tyson will try to “minimize any revenue differentials” between the various labeling categories.

In addition to COOL, the panel discussed a variety of other beef industry issues including growing export markets. Wesley Batista, the president and CEO of JBS Swift & Company, whose company exports meat products to more than 160 countries, said China and Russia are the most promising among “emergent markets.” Batista noted that increasing exports will be made difficult by the currency adjustments currently taking place, but he reminded the audience that export activity had been robust in years past when the exchange rates were even more disadvantageous.

“All of us in this industry need to work to expand demand both here in the United States and outside the United States. This is key for us. If we expand demand, we will have a better business for all of us,” Batista said.

Other issues addressed by the panel included the ongoing strain of excess capacity in the packing and feeding sectors, finding ways to better serve diverse demographic groups, and how to work together across the industry to strengthen food safety.

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