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TO: TCFA Members

FROM: TCFA Staff

SUBJECT: Cattle Purchasing Considerations under Mandatory COOL

Many questions remain about country-of-origin labeling (COOL) and how it will impact buying both domestic and imported cattle. The only thing with near certainty is that a mandatory labeling law—either current law or something new—will be implemented by USDA on September 30, 2008.

The 2007 Farm Bill passed by the House in July contains a compromise COOL provision that establishes four labeling categories for muscle cuts and one for ground beef. **However, product derived from animals imported into the United States on or before January 1, 2008, will be eligible for a U.S. origin label.** Please see the attached “Country-of-Origin Labeling Requirements” document for detailed information.

The House passed language also significantly lessens the recordkeeping burden and provides liability protection for producers. **It is uncertain that the 2007 Farm Bill will become law this year, but the COOL compromise language will possibly be adopted as part of other legislation. Therefore, producers should consider implementing the following steps to prepare:**

- Identify calves, by group or individually, with brands, tags, etc. Producer affidavits or production records (i.e. calving records, vaccination, feed, import records, etc.) may be used to establish country of origin. Records should be kept for at least two years.
- After January 1, 2008, obtain a signed affidavit from suppliers indicating an animal’s country of origin. If calves are sold through an auction market, obtain an affidavit from the seller or market operator. Likewise, sellers should provide documentation to buyers.
- In the event of an audit, be prepared to have records reviewed by USDA.

Call Josh Winegarner, Ben Weinheimer or Ross Wilson with any questions.

Thanks.

*This memo and the attached “Country-of-Origin Labeling Requirements” document provide descriptions and suggestions based on best available information at this time. However, the information contained in these documents is subject to change, and producers should make decisions based on their best judgment. TCFA will continue to monitor legislative developments and provide updates.*

# COUNTRY-OF-ORIGIN LABELING REQUIREMENTS

## CURRENT LAW

## HOUSE & SENATE PASSED FARM BILLS

### COVERED COMMODITIES

- Beef, lamb, pork, farm-raised and wild fish, perishable agriculture commodities, and peanuts.
- Adds goat meat to covered commodities (House)
- Adds goat meat & chicken to covered commodities (Senate)

### LABELING REQUIREMENTS

- Muscle Cuts and Ground/Blended Product
  - Product from an animal that is exclusively born, raised, and slaughtered the U.S. can be labeled as a product of the U.S.
  - Product from an animal of mixed origin must be labeled with the country of birth, the country of raising, and the country of slaughter. (Also applies to ground product that is blended.)
  - Product from an animal that was born, raised, and processed outside of the U.S. must be labeled with the country of origin.
- Muscle Cuts
  - Product may be labeled as U.S. origin if derived from an animal that was born, raised, and slaughtered in the U.S.
  - Product from an animal that was not exclusively born, raised, and slaughtered in the U.S. and not imported for immediate slaughter may be labeled with all the countries in which the animal may have been born, raised, or slaughtered.
  - Product from an animal that was imported for immediate slaughter must be labeled as a product of the importing country and the U.S.
  - Product from an animal that was born, raised, and slaughtered outside of the U.S. must be labeled with the country of origin.
- Ground/Blended Product
  - Product must be labeled with all the countries of origin or all reasonably possible countries of origin for the animal or animals from which the product was derived.
- Grandfather Provision
  - Product derived from an animal in the U.S. on or before January 1, 2008, shall be eligible for a U.S. origin label.

### VERIFICATION SYSTEM/RECORD KEEPING

- Any person that prepares, stores, handles, or distributes a covered commodity for retail sale must maintain a recordkeeping audit trail that will allow USDA to verify compliance with the law.
- A mandatory identification system shall not be required to verify country-of-origin.
- A person subject to audit may use records maintained in the normal course of business (including animal health papers, import or customs documents, and producer affidavits) to verify origin.
- USDA may not require a person to keep records other than those maintained in the normal course of business.
- A mandatory identification system shall not be required to verify country-of-origin.

### ENFORCEMENT

- A retailer that is in violation of the law will be notified by USDA and given 30 days to come into compliance.
- If the retailer is found to be willfully out of compliance after 30 days, USDA may fine the retailer up to \$10,000 for each violation.
- The law is amended to apply to retailers as well as people engaged in the business of supplying a covered commodity to a retailer.
- Fines for non-compliance will be issued after 30 days if it is found that the violator has not made a good faith effort to comply with the law and continues in willful violation. Fines cannot exceed \$1,000 per violation.

### APPLICABILITY

- The law will be applied to all covered commodities beginning September 30, 2008.
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