

Mandatory Country of Origin Labeling

The mandatory country-of-origin labeling (COOL) law becomes effective on September 30, 2008. An interim final rule with the more detailed regulatory requirements for COOL was published in the *Federal Register* on August 1, 2008.¹

Simply put, the law and rule require our retail customers to provide country-of-origin information about many of the meat products that our company sells to those customers. The law is written such that it imposes labeling and recordkeeping throughout the meat distribution chain. The rule provides that [Company Name] is an "initiating supplier" of "covered commodities" (meat products) that must bear country-of-origin labeling and thus [Company Name] has the added burden of ensuring that the information that flows forward with the product is accurate. As the "initiating supplier" of the "covered commodity" we will need certain information from you so that we can comply with the rules and provide origin information to our customers.

To comply with the law, we need proof of the origin of the animals we receive from you. That proof may be provided in a variety of ways. There are a variety of health, production, or other records that may establish origin or an affidavit may provide the necessary information to satisfy the regulatory requirements.² Keep in mind we will need to classify the origin of livestock into one of four categories as established in the law: Category A – exclusively born, raised, and slaughtered in the U.S.; Category B – multiple countries of origin (born and raised in more than one country and slaughtered in the U.S.); Category C – born and raised outside the U.S. but slaughtered in the U.S.; and Category D – born, raised and slaughtered OUTSIDE the U.S. (*i.e.*, beef imported from Canada is "Product of Canada.")

Importantly, the law contains a grandfather clause such that all livestock residing in the United States that stay in the U.S. as of July 15, 2008, are considered to be U.S. born and raised and the meat from those animals is eligible for labeling under Category A. Some proof of the animal's presence in the U.S. on or before July 15, 2008, however, likely will be needed.

Cattle or hogs that enter feedlots or finishing units after July 15, 2008, will need some type of record of origin (e.g., health, production, affidavit) to make the meat from those animals eligible for sale by U.S. retailers.

The interim final rule takes effect on September 30. Although USDA has indicated that it will focus for six months thereafter on working with the affected industries (meat, produce, *etc.*) to implement the new requirements, the rule will be in effect and we expect our retail customers to demand that we have documentation systems in place to comply with the law.

Mandatory country-of-origin labeling will impose significant new requirements on everyone in the livestock and meat distribution chain. For that reason it is important that we keep you aware of developments and expectations so you can develop an accurate documentation procedure for the livestock you provide to us. Our producer and packer trade associations are working on developing model affidavit language that should be helpful to all of us.

We will keep you informed as interpretations of the rule are available, model affidavit language becomes available, and other developments occur.

¹ 73 *Fed. Reg.* 45106-45151 (August 1, 2008). <http://edocket.access.gpo.gov/2008/pdf/E8-17562.pdf>

² E.g., balance sheet, income statement, other financial records, scale tickets, and purchase and sales receipts, closeout records and/or feed records or bills, health papers, vaccination or other health treatment records or receipts, shipping records, breed association registered pedigrees. See <http://www.ams.usda.gov/cool/records.htm> for details.