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United Stockgrowers of America

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September 26, 2001

U.S. Department of Agriculture
Food Safety Inspection Service
FSIS Docket Clerk
Docket #00-036A
Room 102, Cotton Annex
300 C Street, SW
Washington, DC 20250-3700

1011

Re: Product Labeling: Defining United States Cattle and United States Fresh Beef Products

Dear Sir or Madam:

The Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA) is a national cattle producer's organization representing the United States live cattle industry on trade and marketing issues. R-CALF USA focuses upon matters of interest to cow-calf operators, backgrounders, and local feedlot operators. R-CALF USA is a fast growing United States cattle organization with members in 39 states.

R-CALF USA actively monitors international trade issues and appreciates the opportunity to present comments to the Food Safety Inspection Service regarding product labeling: defining United States cattle and United States fresh beef products. See 66 Fed. Reg. 152 (August 7, 2001).

R-CALF USA is very supportive of product labeling and it is R-CALF USA's position that to be truthful, accurate, and not misleading, only beef derived from cattle exclusively born, raised, and processed in the United States should be labeled as a product of the U.S.A.

R-CALF USA does not support the voluntary labeling program proposed to Agriculture Marketing Service that would label meat from animals that have been in the U.S. for 100 days as, "Beef: Made in the USA." Only meat derived from animals exclusively born, raised, and processed in the USA should be labeled as, "Made in the USA." R-CALF USA opposes the proposed voluntary labeling program for two reasons: First, because foreign animals that have been in the U.S. for only 100 days potentially could have gained as much as 70% of their body weight outside the U.S. It would be misleading to label this as a U.S. product.

Second, R-CALF USA opposes the voluntary labeling proposal because it does not require beef processors to label ground beef, which is a staple of U.S. diets. Clearly, it should be the purpose of any labeling regulations to ensure that labels not be false, nor misleading, nor should labeling encourage consumer misinterpretation through false implication.

Answers to FSIS Questions:

1. (a) Should cattle finished in the United States, but born and raised for a time in another country, be considered a product of the United States for USDA labeling purposes? (b) What effects on the domestic and international markets would be imposed by defining which U.S. cattle and fresh beef products are products of the United States?

(a) Cattle finished in the U.S., but born and raised in another country are not and should not be considered a product of the U.S. A lack of labeling imported and domestic supplies of beef is a mechanism used to the economic benefit of beef processors. Beef processors import lower-cost foreign beef and cattle, which is ultimately distributed to consumers undistinguished from domestic beef. Retail prices of the lower-cost foreign beef are equally undifferentiated from domestic beef. Thus, consumers realize no savings or increased choices by purchasing foreign beef. In fact, the first seven months of this year posted record high combined beef and cattle imports for this period. Interestingly, consumers saw increasing record retail prices while U.S. producers have experienced declining fed cattle prices since March.

Moreover, because imported and domestic beef are visually indistinguishable, the price consumers are willing to pay is predicated on the value consumers attach to generic beef. If, for example, consumers can distinguish a taste difference between domestic and foreign beef and if consumers place a higher value on beef that consistently meets their taste preference, then consumers would attach a lesser value on generic beef because they could not consistently select their preferred beef, which they perceive as more valuable. This example demonstrates the high probability that domestic values of U.S. beef, at all stages of production, are being depressed because consumers are unable to consistently purchase beef from their preferred country of origin. This same example can be applied to a variety of consumer preferences for which consumers associate varying values: preference for a particular country, preference for adherence to particular production standards, and a desire to support a domestic industry, to name a few.

Labeling and distinguishing between U.S. born, raised, and processed beef and exclusively or partially imported foreign beef will enable consumers to exercise their individual preferences—a fundamental ingredient to market competition. Competition in the retail beef market cannot occur until and unless consumers are afforded meaningful and accurate information with which to differentiate foreign and domestic beef.

R-CALF USA believes there are additional factors to consider, including safety. R-CALF USA recommends that FSIS formally adopt the product labeling definition used by the USDA in determining the country of origin of beef coming from Argentina. In the June 28, 2000, Federal Register (65 Fed. Reg. 82894), USDA rewrote sections of its June 1997 rule permitting beef imports from Argentina. The new rule added additional requirements,

presumably to protect against the threat of Foot and Mouth Disease through imports from Argentina. The June 2000 Federal Register notice states that, "[O]ne of the conditions for the importation of fresh beef from Argentina has been that the beef originate in Argentina. In order to avoid any misunderstanding of our intent regarding the term 'originate,' we are specifying . . . that fresh (chilled or frozen) beef to be imported from Argentina must originate from bovines that were born, raised, and slaughtered in Argentina." (page 39783 at col. 2).

Animal diseases such as Foot and Mouth Disease (FMD) and Bovine Spongiform Encephalopathy (BSE) have attracted worldwide media attention and issues of food safety are becoming increasingly important to U.S. consumers. The U.S. has never had a case of BSE and has not had FMD since the 1920's. The fact that U.S. cattle are raised under some of the most stringent health and safety standards in the world is a contributing factor in our ability to avoid such outbreaks. U.S. consumers deserve meaningful and accurate information regarding the true origin of their beef so if and when their purchasing decisions ever become based on the degree of risk they associate with beef, they can incrementally consider foreign beef, domestic beef, or no beef at all, in that particular order of risk assessment. It is imperative that the U.S. cattle industry be able to differentiate their production, from pasture to dinner plate, during this time of worldwide outbreaks of BSE and FMD.

(b) In response to a request from the Congressional Research Service, the FAS, USDA, conducted a country of origin labeling survey of key US trading partners during January 1998. The report entitled "1998 Foreign Country of Origin Labeling Survey" contains information covering 46 countries, including 10 members of the EU that were provided by FAS personnel stationed in United States embassies abroad. According to this survey, 22 of the United States trading partners require some form of country of origin labeling. At this point in time, nations including the United States are still negotiating on harmonized rules of origin for non-preferential purposes within the World Trade Organization.

The U.S. imports beef from 26 countries. In 1999 - 2000, these countries included Canada, Mexico, Honduras, Nicaragua, Costa Rica, Ecuador, Chile, Brazil, Uruguay, Argentina, United Kingdom, Ireland, Austria, Spain, Italy, Norway, Switzerland, Croatia, United Arab Emirates, Nigeria, Thailand, China, Japan, Australia, New Zealand, and Other Pacific Islands.

Many U.S. trading partners have adopted the born, raised and slaughtered definition of country of origin. They include Austria, Belgium, Denmark, Finland, Germany, Greece, Ireland, Italy, Monaco, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

According to the FAS, USDA 1998 Foreign Country of Origin Labeling Survey, the United States is among only 6 of the 37 reporting countries that do not require country of origin labeling on processed meat. A few of our trading partners that do require country of origin labeling are Argentina, Brazil, Canada, Mexico, Switzerland, Taiwan, Thailand and Venezuela (Japan began requiring country of origin labeling in April, 2000).

It is readily apparent that truthful and accurate product labeling will not adversely affect either the domestic or international market. The evidence presented strongly suggests that such

truthful and accurate product labeling will enable genuine competition as well as enabling consumers to informatively exercise their right to choose. As discussed, many of our U.S. trading partners provide product labeling. It is ironic that U.S. consumers are not already afforded accurate labeling information as is readily available to citizens in other countries. R-CALF USA strongly urges the adoption of the definition of exclusively born, raised and slaughtered in the United States as the exclusive standard for labeling U.S. cattle and beef products as products of the United States.

2. What labeling terminology would be most accurate and appropriate in conveying the idea that the product is a product of the U.S.A? Would terms such as “U.S. Cattle” and “U.S. Fresh Beef Products” or “U.S.A. Beef” and “Fresh American Beef” be more appropriate? Are there other terms that commenters would suggest that would appropriately convey that the cattle and beef products originated in the United States?

R-CALF USA suggests several terms that would be acceptable for labeling U.S. products: “Made in the U.S.A.” or “Fresh U.S.A. Beef” or “U.S.A. Beef” or “Product of the U. S.A.” It is unnecessary to include “100 percent Made in the U.S.A.” as it is implied in truthful labeling. Anything less than 100 percent should not be eligible for a U.S. product label and should be labeled with the names of the respective countries from which it originated.

The Federal Trade Commission (FTC) has conducted extensive hearings on “Made in the USA” labeling. In December of 1997, the FTC published its “comprehensive review of ‘Made in the USA’ and other U.S. origin claims in product advertising and labeling.” The FTC historically required that a product must be wholly domestic or all or virtually all made in the U.S. to substantiate an unqualified “Made in the USA” claim. In May of 1997 the FTC issued Proposed Guides for the Use of the U.S. Origin Claims, under which a marketer could make claims of “Made in the USA” if the product was substantially made in the United States. The consumers that commented overwhelmingly opposed the proposed guides and generally supported an “all or virtually all” standard or advocated a specific percentage, usually 90% or more often, 100%. Many of those who commented stated that, “‘Made in the USA’ means what it says,” or expressed similar statements.

R-CALF USA opposes any label that would substitute “United States” or “USA” with “America” or “American.” “America” or “American” could mean either North or South America and given present efforts to combine the “Americas” into one trading zone, would be misleading to consumers. On cattle that originate (born) in the U.S. but fed in Canada, R-CALF USA suggests “Product of USA & Canada” on Mexican calves fed in the U.S. R-CALF suggests “Product of USA & Mexico”.

3. (a) What other kinds of verification programs does FSIS need to employ to ensure that the labeling terms are truthful, accurate and not misleading? (b) What are the estimated costs (record keeping, inventory management, labeling, etc.) that are associated with such programs?

(a) The current geographic labeling system employed by USDA is adaptable to a Made in the U.S.A. label. This system uses affidavits and testimonials to support the claim Made in

the U.S.A. This same model could be adopted for a national labeling system that requires born, raised, and slaughtered as the basis for product labeling.

Currently, cattle producers are required by the beef processing industry to sign an affidavit when selling their animals at livestock auctions. A sample affidavit was obtained from PAYS Livestock Auction in Billings, Montana, and it requires producers to certify that:

To the best of my knowledge, as of the date of shipment or delivery, none of the livestock shipped to or delivered to [the livestock auction] will be, on such date, adulterated within the meaning of the Federal Food, Drug & Cosmetic Act (i.e., none of the cattle or other ruminates will have been fed any feed containing protein derived from mammalian tissues, e.g. meat and bone meal, as that term is defined in 21 CFR 589.2000 and none of the livestock will have an illegal level of drug residues). This certificate shall remain in full force and effect until revoked in writing by the undersigned seller and such revocation is derived to [the livestock auction].

As with the geographic labeling system, this model could be readily adapted to a national labeling system that requires born, raised and slaughtered as the basis for product labeling.

(b) The United States already requires imported meat to be labeled. However, when the packer receives imported meat in clearly labeled containers, the packer separates the meat from the container through further processing and re-packaging. Current law does not require the packer or wholesaler to retain the original label after such further processing or re-packaging. It would be a simple and relatively inexpensive matter for packers to retain the origin label with the meat. In fact, packers already segregate carcasses for various certification programs such as breed claims like "Angus Beef" or "Midwestern Beef." Clearly, producers need not be saddled with "ghost costs" associated with rebuilding a product origin tracking system that is already in use.

4. (a) How can industry and FSIS aid consumers in gaining a greater understanding of the suggested terms used to identify a product of the U.S.A.? (b) What types of information would be useful to gauge consumer response to a particular term used to market U.S. products? (c) What factors would be influential in a consumer's decision to purchase beef labeled as a product of the U.S.A.?

(a) R-CALF USA recommends that any label that denotes a meat product of the United States be reserved exclusively for meat derived from animals that are exclusively born, raised, and slaughtered in the United States. Adoption of this identification methodology would negate the need for additional consumer education programs as it is unambiguous and straightforward. Moreover, its three-part criterion provides an equally unambiguous and straightforward means of labeling meat products that do not meet the "exclusive" test. The respective country in which the animal underwent each of the three parts could be included in the label.

For purposes of differentiating between the distinct stages of born raised and

slaughtered, FSIS rules should define "born" as the country in which the animal was birthed; "raised" as the country or countries in which the animal spent its life prior to slaughter; and "slaughtered" as the country in which the animal was harvested.

(b) Again, R-CALF USA recommends that any label representing a product as a product of the United States be reserved for those products exclusively derived from animals exclusively born, raised, and slaughtered in the United States. Adoption of this definition should negate the need to fabricate any qualifying terms or statements regarding the meaning of a United States product.

(c) Trust and confidence in the product being purchased and the manner in which it was produced should influence the consumer's decision to purchase beef labeled as a product of the U.S.A. Animals in the U.S. are raised and processed under some of the most stringent standards in the world with respect to environment, health, safety, and humane treatment. Information regarding the guidelines and requirements imposed on U.S. producers, feeders, and processors in the production and processing of beef and cattle may aid in building consumer trust and confidence. In addition, when U.S. producers are assured that the end-product of their toils (domestic beef) can be differentiated from their competitor's end-products (foreign beef) by the consumer, they can then begin advertising and promoting their domestic products as wholesome, safe, tasty, and nutritious food products. This will likely have a significant influence on consumers' buying decisions.

In the event a country importing beef or cattle to the U.S. has a disease such as BSE, the consumer's ability to distinguish products produced only in the U.S. from other countries will not only greatly influence their choice, but will be critical to the economics of the U.S. cattle industry.

In conclusion, R-CALF USA urges FSIS to reserve the U.S. product label for only those meat products derived from animals that are exclusively born, raised, and slaughtered in the United States.

R-CALF USA would like to thank the Food Safety and Inspection Service for providing this opportunity to comment on defining United States Cattle and United States Fresh Beef Products.

Sincerely,

A handwritten signature in cursive script that reads "Leo R. McDonnell, Jr." The signature is written in dark ink and is centered on the page.

Leo R. McDonnell, Jr.
President, R-CALF USA