

CHAMBER OF COMMERCE
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UNITED STATES OF AMERICA

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October 9, 2001

FSIS Docket Clerk
Docket No. 00-036A
U.S. Department of Agriculture
Food Safety and Inspection Service
Room 102 Cotton Annex Building
300 12th Street, SW
Washington, DC 20250-3700

1018

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

Dear Sir or Madam:

These comments are being filed on behalf of the U.S. Chamber of Commerce (U.S. Chamber), which is the world's largest business federation, representing more than three million businesses of every size, sector, and region. The U.S. Chamber serves as the principal voice of the American business community.

Many of the U.S. Chamber's members are livestock producers and processors, and would be directly affected by any rulemaking resulting from the U.S. Department of Agriculture (USDA) request for public comments on Product labeling: Defining United States Cattle and United States Fresh Beef Products¹. The significant nationwide impact in terms of both costs and benefits of USDA's involvement in labeling procedures is an important issue for business and the general public.

The U.S. Chamber reiterates our commitment to voluntary rather than mandatory labeling. Government-mandated food labeling should be restricted to protection of consumer health and safety. A country-of-origin labeling plan would be based on a marketing issue, not health or safety. The U.S. Chamber does not support mandatory labeling of foods based solely on the process used to develop or prepare them. In contrast with label statements regarding a food product itself, process-based labeling does not inherently contain information useful to consumers, though they may desire the information. Absent health or safety concerns, market forces should be allowed to operate without interference.

¹ 66 FR 41160

However, the U.S. Chamber recognizes that businesses may wish to use process-based label statements, such as country-of-origin statements, as a way to respond to consumer demands for information. Voluntary labeling of food products that is clear, accurate and not misleading is an appropriate way for businesses to differentiate their products in the marketplace according to their own business strategies and market research.

Voluntary, free, and open negotiations between producers and buyers of meat products are necessary even under arbitrary definitions. Producers and purchasers should be allowed to contract for whatever they wish, with the purchaser setting conditions acceptable to all participants and paying the costs of delivering the requested commodity, without government intervention. However, the U.S. Chamber recognizes that government standards for country-of-origin labeling, even for voluntary programs, would ensure a minimum level of compliance and raise confidence in the program among producers, thereby encouraging them to use the labels. To that extent, the U.S. Chamber supports government standards for country-of-origin labeling.

The Food Safety and Inspection Service (FSIS) is examining various options for defining beef products derived from domestic cattle. Generally, the government should not contribute to market distortion by encouraging the development of arbitrary definitions, grades or standards. Unfortunately, the decision of whether or not to consider animals born in another country but raised and slaughtered in the United States as U.S. beef products is completely arbitrary. Clarifying the terminology permitted for country-of-origin labeling may facilitate producer participation in voluntary labeling programs. However, a profusion of voluntary programs using similar terminology will only confuse consumers. Whatever definition and labeling terminology is eventually chosen, consumer outreach and education efforts will be paramount to the success of these programs.

To directly respond to Question 1 raised in the ANPR², cattle finished in the U.S. but born and raised elsewhere are already considered to be a "Product of the U.S.A."³ "Product of the U.S.A." is applicable to products that at a minimum have been prepared in this country. This term has been used for export requirements, and can be used in domestic commerce if the product meets other FSIS requirements. Changing the definition of "Product of the U.S.A." would confuse the very consumers the label is supposed to inform. FSIS allows voluntary use of terms "U.S.A. Beef" and "Fresh American Beef" under the interpretation that these terms refer to animals born, raised, slaughtered and processed in the United States. These terms are available for products that exceed the "Product of the U.S.A." standard. Changing the definition of these terms to apply to animals born in other countries would be confusing to producers, processors and consumers.

² Should cattle finished in the US but born and raised for a time in another country, be considered a product of the US for USDA labeling purposes? What effects on the domestic and international markets would be imposed by defining which US cattle and fresh beef products are products of the US?

³ FSIS Food Labeling Division Policy Memo 080 dated April 16, 1985.

Thus, the development and use of other labeling terms is appropriate to describe circumstances between the "Product of the U.S.A." and "U.S.A. Beef" criteria. A petition proposing voluntary country-of-origin certification is currently under review at USDA. The industry-supported terminology would read: "Beef: Made in the USA. This beef is processed from cattle raised and fed for at least 100 days in the United States." While the definition is more permissive than the FSIS interpretation of geographic claims, the proposed labeling language has been endorsed by numerous groups, including producers AND processors. The label states clearly the circumstances under which the cattle were raised, eliminating confusion for consumers and reducing the need for education efforts.

The exact documentation required to verify country-of-origin will depend on what labeling terms/ definitions are ultimately used. An audit trail, affidavits and similar documents such as the type that have been successful for identity-preserved bulk agricultural commodities should suffice for a country-of-origin labeling program. This type of documentation places the burden and costs of record keeping squarely on those who want to use the label and capitalize on the "U.S.A. Beef" type of designation. User fees for these programs would again place costs on those looking to benefit from the program.

Finally, FSIS must take care to ensure that even voluntary country-of-origin labeling proposals do not become trade barriers. There is extensive movement of livestock around the world and across borders, particularly in North America. Country-of-origin labeling provisions based on where an animal was born could disrupt trans-boundary movement of livestock and result in retaliation by other countries applying their own stringent rules to American products. While a voluntary program is far less likely to upset our trading partners than a mandatory one, neither our producers nor consumers will benefit from trade problems.

The U.S. Chamber appreciates the opportunity to submit these comments and thanks USDA for soliciting the opinion of the business community regarding the need for regulations to clarify aspects of country-of-origin labeling for beef.

Sincerely,



William L. Kovacs