

COOL FINALLY ARRIVES!

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USDA's Agricultural Marketing Service has announced that the final rule making comment period for Country of Origin Labeling or COOL, will end on September 30, 2008. The program will also be implemented on September 30, 2008. COOL became law in the 2002 Farm Bill but implementation has been delayed twice by Congress.

What is COOL?

On May 13, 2002, the Farm Security and Rural Investment Act of 2002, more commonly known as the 2002 Farm Bill, became law. One of its many provisions requires country of origin labeling (COOL) for beef, lamb, pork, fish, perishable agricultural commodities, and peanuts. On January 27, 2004, Public Law 108-199 delayed implementation of mandatory COOL for all covered commodities except wild and farm-raised fish and shellfish until September 30, 2006. Covered commodities were defined as any muscle cuts of beef, lamb and pork, ground beef, lamb and pork, farm-raised and wild fish, peanuts and any perishable agricultural commodity. On November 10, 2005, Public Law 109-97 delayed implementation of mandatory COOL for all covered commodities except wild and farm-raised fish and shellfish until September 30, 2008. As described in the legislation, program implementation is the responsibility of USDA's Agricultural Marketing Service. The recently enacted Food, Conservation and Energy Act of 2008 (2008 Farm Bill) expands the list of covered commodities. The term "covered commodity" has been defined in this interim final rule as "muscle cuts of beef, lamb, chicken, goat, and pork; ground beef, ground lamb, ground chicken, ground goat, and ground pork; perishable agricultural commodities; peanuts; pecans; ginseng; and macadamia nuts."

COOL is essentially a marketing program which ensures that consumers receive one piece of information about covered commodities: *the country of origin*. It cannot be construed as a food safety issue because it makes no changes in who can supply commodities or the requirement for supplying commodities in the marketplace. All food products offered to U.S. consumers have already passed existing food safety standards. COOL is administered by the Agricultural Marketing Service (AMS) because it is a marketing program; food safety issues are handled by the Food Safety and Inspection Service (FSIS) or the Animal and Plant Health Inspection Service (APHIS) along with the Food and Drug Administration (FDA).

Will COOL sell meat?

In a poll by Zogby International, it was concluded that 85% of consumers want to know where their food comes from. The survey shows 90% believe knowing the country of origin of the foods they buy will allow consumers to make safer food choices. Nearly three in four (74%) say it's important to them to know the country of origin for all types of products they buy, but even more – 85% – say knowing where their food comes from is important. For the vast majority of Americans it's about more than just wanting to know – 94% believe consumers have a right to know the country of origin of the foods they purchase.

These findings are included in the August 2007 issue of Zogby's American Consumer newsletter, which focuses on how Americans feel about imported goods, product safety, food labeling and many other issues and is available at www.zogby.com. The Zogby Interactive survey of 4,508 adults nationwide was conducted July 17-19, 2007, and carries a margin of error of +/- 1.5 percentage points. The poll was conducted after the Chinese Melamine food contamination was discovered.

Other findings from the online survey include:

90% of Americans want the U.S. Food and Drug Administration to hire additional inspectors to increase inspection of food imports.

96% said they take recall warnings seriously.

Most Americans (67%) are satisfied with how the U.S. government gets the message out to the public about recalled products, but 30% believe the government's efforts are lacking.

Overall, nearly half (48%) said they don't know where the majority of the vegetables, fruits and nuts they consume originate.

While nearly two-thirds (65%) of American adults said they go out of their way to buy local produce and other food products, 32% said it isn't a priority.

Another question is – if consumers want COOL information, does that translate into a premium for U.S. origin meats or not? The answer is *maybe*. Several “willingness to pay” surveys have been conducted comparing U.S. meats to unspecified origin meats. An “auction” to check against the survey was also conducted in some cases. Some results were:

Survey	Steak premium	Hamburger Premium
Colorado, on-site, 2002	38%	58%
Chicago and Denver, on-site, 2002	11%	24%
United States via mail, 2003	2.5% - 2.9%	2.5% - 2.9%

The results of the aggregate attribute rankings indicate that although some consumers are willing to pay a premium for the source assurance provided by country-of-origin labels, the premiums would only exist if U.S. beef were perceived to be safer and of higher quality (in terms of non-safety related meat quality attributes) than beef from other countries.

In terms of other quality attributes, U.S. meat initially may be perceived to be of higher quality than imported meat. However, some consumers may actually prefer meat from other countries, particularly after experiencing it and being provided with additional labeling information on specific process- and production-related credence attributes. Consider, for example, a beef product labeled as “Certified U.S. corn-fed beef” marketed next to a product labeled as “Certified Australian grass-fed beef.” If given the choice, what product would consumers prefer and which one would they potentially pay a premium for? In three blind taste tests, 23%, 17%, and 34% of consumers studied preferred the flavor of, and were willing to pay a premium for, Argentine, Australian, and Canadian beef, respectively, relative to U.S. beef. The Australian and Argentine beef products used in the taste panel studies were from grass-fed cattle. Most of the beef imported into the United States from these

countries is grass-fed, whereas U.S. beef is typically corn-fed. In addition to the flavor attribute, some consumers perceive grass-fed beef to be of higher quality in terms of nutritional content. Consequently, if U.S. consumers view Australian beef to be comparable to U.S. beef in terms of food safety, then consumers who prefer the perceived nutritional benefits and/or taste attributes of grass-fed beef relative to corn-fed beef may consider a U.S. beef product to be lower quality than the Australian product. If they also now have the opportunity at the supermarket to choose between a U.S. beef product and an Australian product, then consumers who find the Australian beef to be of superior quality may actually discount the U.S. product.¹

In a study just released by USDA's Economic Research Service, consumer use of nutritional labeling has declined over the 10 years since they were modified to provide more clear and consistent information for shoppers. This is especially true for younger shoppers. Whether the COOL labeling might also see similar changes over time we will have to wait and see. The report² states:

"This report examines changes in consumers' use of nutrition labels on food packages between 1995-96 and 2005-06. The analysis finds that, although a majority of consumers report using nutrition labels when buying food, use has declined for most label components, including the Nutrition Facts panel and information about calories, fats, cholesterol, and sodium. By contrast, use of fiber information has increased. The decline in label use is particularly marked for the cohort of adults less than 30 years old."

What will be labeled?

The mandatory country of origin labeling law requires many, but not all, retailers to ensure that country of origin information is provided for certain beef, lamb, pork and poultry products (covered commodities). The law also directs the Secretary of Agriculture to issue regulations to implement these labeling requirements. USDA published an interim final rule implementing the law on July 29, 2008. Because that publication is not a final rule, some aspects of the regulation could still be subject to change.

Packers and processors that supply covered commodities to their retail customers must provide COOL information to the retailers. That information can be provided to retailers in a number of ways, including providing the labels to the retailer or labeling the product directly.

The law expressly establishes four general categories of meat products.

Product of the United States – A covered commodity is eligible for designation as "Product of the U.S." only if it is derived "exclusively from an animal that is exclusively born, raised and slaughtered in the United States."

Multiple countries of origin – A product is deemed to have multiple countries of origin if the animal from which it was derived was born and/or raised in a different country or countries and then slaughtered in the U.S. Covered commodities in this category would have to identify all the relevant countries, including the country in which slaughter took place.

¹ Wendy J. Umberger, Will Consumers Pay a Premium for Country-of-Origin Labeled Meat?, CHOICES, 4th Quarter 2004, available at <http://www.choicesmagazine.org>.

² Jessica E. Todd and Jayachandran N. Variyam, The Decline in Consumer Use of Food Nutrition Labels, 1995–2006 / ERR-63 Economic Research Service/USDA, available on-line at www.ers.usda.gov under publications.

Animals imported for immediate slaughter – Covered commodities from animals raised in another country but slaughtered in the U.S. would fall into this category.

Imported finished products to be sold at retail – Meat products imported from another country would be labeled as a product of that country.

Source countries of covered commodities should be identified using “abbreviations and variant spellings that unmistakably indicate the country of origin.” “U.S.” represents the United States and the abbreviation “U.K.” can represent “The United Kingdom of Great Britain and Northern Ireland” according to AMS. Symbols or flags alone are not acceptable.

A meat product from beef (including veal), pork, lamb, chicken or goat must bear a COOL label or is subject to labeling providing COOL information if:

1. It is sold at retail, AND
2. It is a muscle cut, or
3. It is a ground product.

The product is EXEMPT from COOL labeling requirements if:

1. The meat product is sold at foodservice (e.g., restaurants, delis, institutions, etc.), OR
2. The meat product has undergone specific processing resulting in a change of character (e.g. cooking, curing, smoking or restructuring) or has been combined with at least one other covered commodity or other substantive food component. The exemption includes, for example, the following:

a. Hot dogs and sausages, b. Lunch meat, c. Cooked products, d. Breaded products, e. Cured products, f. Products in which the meat is an ingredient (e.g., spaghetti sauce with meat, pizza, frozen dinners, etc.) g. Fabricated steak, h. Meatloaf, i. Marinated pork tenderloin

The labeling requirement states:

"In determining what is considered reasonable, when a raw material from a specific origin is not in a processor's inventory for more than 60 days, that country shall no longer be included as a possible country of origin."

According to Warren Preston, Assoc. Deputy Administrator of AMS, the rule stated above means the following:

"The requirement for ground meats means that a processor does not have to change labels immediately if it runs out of product from a country listed on the label. For example, suppose beef grinder sources trimmings from cattle originating in the U.S., Canada, and Mexico, and lean beef from New Zealand and Australia. The country of origin label would need to list the U.S., Canada, Mexico, New Zealand, and Australia, even though a particular batch might not include beef from one or more of those countries. Suppose then that the processor depleted its inventory of Australian beef and did not replenish it. Then the current labels would be in compliance for 60 days. After 60 days, Australia would have to be deleted from the label. However, if the inventory was replenished with Australian product on day 60, then the previous label would continue to be valid."

How is country of origin to be determined?

The interim final rule will become effective September 30, 2008, as directed by the statute. The requirements of this rule **do not apply** to covered commodities produced and packaged before September 30, 2008.

AMS will allow animals present in the United States on or before July 15, 2008, and once present in the United States, that remained continuously in the United States to be certified as U.S. origin. While this will grandfather in a few animals, mostly Canadian and Mexican feeder cattle, it relieves a record problem for feedlots where those animals may have been commingled and country of origin is not determinable.

One step producers could take immediately is to inventory all animals on-farm as of July 15. This record may well become useful in the future as animals are culled or sold after back-grounding in later years.

Beyond that, firms licensed as retailers under the Perishable Agricultural Commodities Act of 1930 (PACA) must maintain records and other evidence used to establish country of origin for a year. Retail suppliers must maintain documents to identify the previous source and next recipient of covered commodities for 1 year after the transaction. The supplier who initiated the country of origin claim must also maintain documentation that verifies the claim for 1 year. Currently, it appears the slaughter facility will have this responsibility.

As a livestock producer what steps do I take to show origin and become current with the law?

The proposed final rule states – “Any person in the business of supplying a covered commodity to a retailer, whether directly or indirectly, must maintain records to establish and identify the immediate previous source (if applicable) and immediate subsequent recipient of a covered commodity, in such a way that identifies the product unique to that transaction by means of lot number or other unique identifier, for a period of 1 year from the date of the transaction.”

Producers should think about whether they have records that will meet these requirements, whether new records are needed and how those records must be organized and maintained to be available as requested.

It is likely that many cow-calf producers already have the majority of records needed to prove the origin of the calves they sell although some reorganization of those records may be needed. Stocker producers, however, face a greater challenge to be able to trace animals from a variety of purchasing sources to subsequent marketing groups after the commingling that is so typical and necessary for stocker production. Some sort of individual animal ID, although not mandated by this law, is likely to be the only feasible way for many stocker operations to be able to maintain records of animal origin. Feedlots and packing plants will likewise need detailed records to maintain a complete chain of identification through the marketing system, especially during meat fabrication when pieces of animals are commingled in boxes of beef.

Although livestock producers are not directly regulated by the COOL interim rule, they supply covered commodities and thus, will be requested to provide affidavits to prove animal origin information. Non-compliance on the stocker and cow-calf producer level will result in the inability to sell. COOL law will allow the use of producer affidavits to initiate the origin claim. The affidavit must be provided by someone having first-hand knowledge of all animal(s)

origin(s) and identities involved in the transaction. This information can be provided by an identification tagging system or other record keeping systems. At minimum, records for the cow-calf producer should include the following information:

- Owner and location,
- Type and sex of animals,
- Breeding herd inventory
 - Purchased animals
 - Cull sales
 - Raised animals
 - Births

For selling purposes the following information must be recorded:

- Country of birth
- Number and sex of head involved in the transaction,
- Date of the transaction,
- Name of the buyer,
- Seller contact information.

It is very important for the producer to document herd size and composition as of July 15, 2008. All animals in the U.S. as of July 15, 2008 are grandfathered as U.S. cattle. However, inventory records on these animals, particularly breeding animals, should be maintained as animals will be sold for an undefined period of time and origin information must be documented. On-site records that would be useful to provide animal origin information can be maintained annually or quarterly and could include:

- Beginning inventory
 - Cows, bulls, breeding heifers, virgin heifers, calves on cow, weaned calves
- Births, purchases, leases, etc.
- Sales, deaths, etc.
- Ending inventory

Materials that are useful to support the above information can include production records, health records, feed bills, calving records and purchase and sale receipts as well as statements of identification and recordkeeping procedures.

Any subsequent producer or buyer that commingles animals from several sources must rely on previous affidavits to formulate their own affidavit for the origin of the new group of animals. The responsible party for commingling animals would provide proof of origin for the new lot. This party must also retain all original affidavits and/or other appropriate records for proof of origin for a minimum of one year. Additional records that can be used for origin verification include birth records, purchase/receiving records, health papers, receipts, animal inventory and/or feeding records, brand inspections, etc. Animals identified under the voluntary National Animal Identification System (NAIS) will be compliant with COOL law. However, under COOL law, official tagging systems under NAIS are not mandated or regulated.

Packers may require suppliers to provide records or access to records to substantiate origin claims. COOL law also specifies that packers who participate in the NAIS system or other

officially recognized system, such as other countries with official identification systems, may rely on official ear tags or animal markings (country brand, etc.) that can prove origin claims.

As of September 4, 2008, the USDA's AMS agreed to a universal affidavit or declaration statement that documents livestock origin claims. Livestock industry representatives agreed upon three universal "Country of Origin Affidavit/Declaration" statements to establish and document origin claims on cattle, swine, sheep and goats. It will be beneficial to your operation to adopt the attached Affidavit/Declaration of Origin statements. The currently approved language includes three affidavit or declaration statements that provide requested information on livestock as they enter the production and processing systems. The three affidavit components and language are as follows:

1. A continuous country of origin affidavit/declaration. This allows producers to develop a continuous affidavit to be kept on file by buyers, stockers, feeders and packers until the affidavit is revoked by the affidavit's signer.
2. A supporting declaration of origin for specific transactions involving livestock from producers with a continuous affidavit on file, or as a stand -alone affidavit/declaration related to a specific transaction. This particular language can be included on check-in sheets, invoices, billings, etc.
3. *The Appended declaration statement for immediate/direct supplier transaction to packers.* This third statement covers direct transactions to packers from producers, marketing businesses and feeders. COOL law requires packers to maintain origin records for one year. Packers must also be able to obtain records from their immediate suppliers within that period to substantiate country of origin claims. Livestock suppliers will maintain records from one year beginning with the date of livestock delivery. Such records will be made available if necessary under COOL law.

These statements should go a long way to minimize the cost of COOL implementation at the producer level. Producers will need to maintain records to verify declarations made in these affidavits if records are requested.

A second clarification of COOL pertains to stocker producers and feedlots. The clarification comes from AMS' approval to use consolidated affidavits for commingled and re-sorted animal lots. For example, a producer who has multiple sources of animals from the same origin may issue a single consolidated affidavit of origin for commingled sale groups based on a set of individual affidavits from the purchase groups. The producer will be responsible for maintaining records to verify total purchases and sales through the operation.

Authors' Conclusions:

COOL will provide information to consumers regarding the origin of meat covered commodities. This is beneficial from a consumer standpoint. However, COOL excludes valuable products such as food service products (restaurants) and processed products. These exclusions represent a major portion of the retail market and will change the competitiveness of meat industries. In addition, the entire industry is facing additional work and expense to provide this information. Currently, it is not known what the cost of implementation and maintenance of COOL will be. It is also unclear who will bear the costs and how those costs will be apportioned between industry segments. It is clear that U.S. producers will need to ensure they are providing safe, wholesome products to maintain a competitive edge with other

countries' products. In addition, maintaining adequate records will be crucial to meeting the mandatory COOL law.

Resources

USDA Agricultural Marketing Service, COOL website

<http://www.ams.usda.gov/AMSV1.0/> Under SPOTLIGHTS click on COOL information

<http://www.countryoforiginlabel.org/>

University of Nebraska COOL web page

http://agecon.unl.edu/mark/country_of_origin.html

Kansas State University COOL web page

<http://www.oznet.ksu.edu/ansi/cool/>

Iowa State University COOL information

<http://www.iowabeefcenter.org/content/COOL.htm>

References

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Lubben, Bradley D., A Legislative Update on Country-of-Origin Labeling and the 2007 Farm Bill, University of Nebraska-Lincoln, December 19, 2007.

Agricultural Marketing Service, USDA, Mandatory Country of Origin Labeling of Beef, Pork, Lamb, Chicken, Goat Meat, Perishable Agricultural Commodities, Peanuts, Pecans, Ginseng, and Macadamia Nuts, Interim final rule with request for comments, FR Doc. 2008-17562 Filed 07/28/2008 at 4:30 pm; Publication Date: 08/01/2008, Federal Register.

Agricultural Marketing Service, USDA, MCOOL Rule on Ground Meats Clarified, statement by Warren Preston, Assoc. Deputy Administrator, August 11, 2008.

American Sheep Industry Association, Livestock Producer Compliance with COOL, ASI Weekly, August 8, 2008, available on-line at <http://www.sheepusa.org> .

Iowa COOL Coalition, COOL Forms, suggested affidavit, available on-line at http://www.iowabeefcenter.org/content/COOL_IA.htm .

Livestock Marketing Association, COOL affidavit declaration statement, available on-line at <http://www.lmaweb.com/memberinfo.html> .

APPENDIX

Recommended Country of Origin Affidavit/Declaration Statements

- Continuous Country of Origin Affidavit/Declaration
- Origin Declaration Language for Seller/Buyer Invoices and Other Sales Documents with a Continuous Declaration on Record or as a Stand-Alone Declaration of Origin
- Appended Declaration Statement for Immediate/Direct Supplier Transactions to Packers

Affidavit of ownership for stock born in the U.S.A

COOL record sheets

- ❖ Breeding stock records of sale
- ❖ Cow-Calf records of sale
- ❖ Feeder stock records of sale

Country of Origin Label Declaration

Date: _____

Seller contact information

Name: _____

Address: _____

City and State: _____

Phone Number: _____

Number of animals: _____

General description:

Based on the documents in my possession these animals were born in

_____ and were raised in _____.

Signed: _____, Seller

The Iowa COOL Coalition representing the Iowa Farm Bureau, Iowa Cattlemen's Association, Iowa Pork Producers Association, Iowa Department of Agriculture and Land Stewardship, and the Iowa Pork Industry Center and Iowa Beef Center at Iowa State University have prepared the above example affidavit for sellers to sign and present to buyers of cattle, hogs and sheep to establish an audit trail required by USDA as published in the October 30, 2004 Federal Register announcement of Mandatory Country of Origin Labeling. Used with permission.

Recommended Country of Origin Affidavit/Declaration Statements

Continuous Country of Origin Affidavit/Declaration: *(The following affidavit statement could be used by any operation in the livestock chain attesting to the Country of Origin of livestock but particularly for first-level producers.)*

As an affidavit is deemed by USDA as an official record of Country of Origin, I attest through first-hand knowledge, normal business records, or producer affidavit(s) that all livestock referenced by this document or other communications specific to the transaction and transferred are of _____ origin. Should the origin of my livestock become other than that described above, I agree to notify the buyer/agent when this occurs.

This affidavit/declaration shall remain in effect until revoked in writing by the undersigned and is delivered to _____ (agent/buyer).

Signature	Date	Business/Farm/Ranch Names/Location
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Country of Origin Declaration Language for Seller/Buyer Invoices and Other Sales Documents with a Continuous Declaration on Record or as a Stand-Alone Declaration of Origin: *(The following declaration of Country of Origin statement would be used as a supporting declaration of origin specific to transactions involving livestock from persons with a continuous affidavit on file, or as a stand-alone affidavit/declaration on specific transaction(s) on invoices, check-in sheets and other sales documents.)*

I attest that all livestock referenced by this document and transferred are of _____ origin.

Signature	Date
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Appended Declaration Statement for Immediate/Direct Supplier Transactions to Packers: *(Some packers may request that their immediate/direct suppliers add the following language to the continuous or sales record affidavit/declaration statements to affirm the period of time in which Country of Origin records would be maintained by their immediate suppliers. This may be necessary as packers are required by law to maintain Country of Origin records for one-year and they must be able to obtain records from their immediate suppliers within that one-year period to substantiate country of origin claims)*

I attest that _____ (Insert business name) has, and will maintain records of livestock origin for one year from the date of delivery of the livestock to the packer/buyer.

I attest that these records reflecting specific transactions are available for inspection for the sole purpose of compliance with an audit as described by the country-of-origin labeling provisions contained in the Farm Security and Rural Investment Act of 2002 as amended. (P.L. 108-767, USCA section 1638a, 2003).

**COOL Compliant Recordkeeping
Breeding Stock**

Ranch Name: _____

Premise ID#: _____

(Dependant upon if you registered under a state or national ID system "589632")

Owner(s) of Livestock: _____

Contact Information: _____

(Include address and phone number)

	Date	# of head	Animal/Tag ID#	Brand	Sex	Year of Birth	Age	Origin of Birth	Weaning Date	Sale Date	Buyer	Comments
Example:	7/15/2008	1	987	★	F	2004	4 yr.	USA	11/4/2008	10/15/2008	John Q. Rancher	Breeding Stock-Cull
(Breeding Stock)												
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
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18												
19												
20												

**COOL Compliant Recordkeeping
Cow-Calf Operator**

Ranch Name: _____

Premise ID#: _____

(Dependant upon if you registered under a state or national ID system "589632")

Owner(s) of Livestock: _____

Contact Information: _____

(Include address and phone number)

	Date	# of head	Animal/Tag ID#	Brand	Sex	Year of Birth	Age	Origin of Birth	Weaning Date	Sale Date	Buyer	Comments
Example:	4/8/2008	1	528	★	F	2008	6 mos.	Idaho, USA	11/1/2008	11/15/2008	Blackfoot Auction	
(Cow-calf)												
1												
2												
3												
4												
5												
6												
7												
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**COOL Compliant Recordkeeping
Feeders**

Ranch Name: _____

Premise ID#: _____

(Dependant upon if you registered under a state or national ID system "589632")

Owner(s) of Livestock: _____

Contact Information: _____

(Include address and phone number)

	Date	# of head	Animal/Tag ID#	Brand	Sex	Year of Birth	Age	Origin of Birth	Weaning Date	Sale Date	Buyer	Comments
Example:	7/15/2008	10	001 to 010	Lazy UI	Steer	2007	16 mos.	USA	11/1/2007	10/1/2008	Low Ball Feeders	Feeders
(Feeders)												
1												
2												
3												
4												
5												
6												
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