Beeftips

K-State Kansas State University

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http://www.oznet.ksu.edu/ansi/nletter/beeftips.htm

A COOL Review: Country of Origin Labeling

Ron Hale, Livestock Specialist

A great deal of discussion among beef producers has developed since the passage of the Farm Security and Rural Investment Act of 2002. Part of this farm bill created mandatory country of origin labeling (COOL) to provide consumers with information needed to make an informed decision concerning their purchases, specifically that of each product's origin, and to promote U.S. food products. It requires that "a retailer of a covered commodity shall inform consumers…of the country of origin" beginning Sept. 30, 2004. The covered commodities are defined as:

- Beef, lamb and pork – muscle cuts and ground.
- Fish and shellfish – farm-raised and wild.
- Fruits and vegetables – fresh and frozen.
- Peanuts.

Exempt from the law are:

- Food service establishments that prepare and/or serve food such as restaurants, cafeterias and food stands.
- Those selling less than $230,000 of the commodities annually such as a small butcher shop.
- Processed food products such as corned beef, bratwurst or ham.

Voluntary guidelines, published by the USDA on Oct. 11, 2002, are now in effect. As the title indicates, participation is not required of the livestock, packing or retailing industries. The USDA has stated that the voluntary guidelines will be considered during the formulation of mandatory regulations, which are currently being developed and will take effect on Sept. 30, 2004.

There are three distinct product labeling requirements in COOL:

- U.S. only origin – According to the law, beef will be labeled as a U.S. product only if it "is exclusively born, raised, and slaughtered in the United States." Cattle from Alaska and Hawaii will be included if they are transported for 60 days or less through Canada to the United States.
- Foreign only origin – The voluntary guidelines state this applies to products produced entirely outside the United States.
- Mixed origin – The guidelines indicate a product of "mixed origin" must be labeled according to the country of birth, the country of raising, and the country of slaughter. A potential label for such a product may be "Born in Country X, Raised in County Y, and Slaughtered in the U.S." This labeling requirement also applies to mixed or blended products, such as ground beef, if it comes from different countries of birth, raising or slaughter.

While the law specifically prohibits the USDA from mandating an identification system, it does state that the USDA "may require any person who prepares, stores,

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Upcoming Events

Beef Improvement Federation
May 28–31
Lexington, KY
www.beefimprovement.org/convention.html

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handles, or distributes a covered commodity for retail sale maintain a verifiable recordkeeping audit trail" and that "Any person engaged in the business of supplying a covered commodity to a retailer shall provide information to the retailer indicating the country of origin."

The voluntary guidelines state "Retailers must ensure that a verifiable audit trail is maintained through contracts or other means, recognizing that suppliers throughout the production/marketing chain have a responsibility to maintain the necessary supporting records." This indicates the audit trail must consist of records that can be tracked back through all segments of the industry. The guidelines also indicate that the necessary documentation must be maintained for at least two years.

Under the law, retailers can be fined $10,000 for each labeling violation. Because of this, retailers have apparently notified their suppliers and packers of the retailers' requirements. They include the following:

- Segregate covered commodities by country of origin throughout the entire production chain and document the segregation plan.
- Maintain a verifiable audit trail for country of origin for all commodities.
- Provide retailers with audit results that show packers have a verifiable system.
- Label all products with the country of origin.
- Indemnify the retailer for any packer-related noncompliance violation.

Some packing companies have in turn notified producers of their requirements. They include the following:

- Third-party verified documentation showing where animals were born and raised.
- Provide a signed legal affidavit with each load stating a third-party verified audit trial exists.
- Allow the packer to conduct random audits of producer records.
- Indemnify the packer for any producer-related noncompliance violation.

Producers have questioned the packer requirements because "third-party verification" is not stated in either the law or the voluntary guidelines. The guidelines do say "Any person engaged in the business of supplying a covered commodity to a retailer must make available information to the retailer indicating the country of origin…. Such persons, which include but are not limited to, producers, growers, handlers, packers, processors, and importers, must maintain auditable records documenting the origin of covered commodities. Self-certification by such persons is not sufficient."

In addition "Records for domestically produced and/or processed products must clearly identify the location of the growers and production facilities." It appears the USDA views "self-certification" as any statement of origin without documentation that creates a verifiable audit trail. Regardless of the interpretation, it is likely that cattle buyers will require country of origin documentation as cattle move through the various production segments.

Cattlemen should understand that calves born this year might come under the mandatory COOL requirements when the meat products enter the retail market on September 30, 2004. Although the exact nature of documentation required by COOL is not yet known, USDA has indicated producers will need to verify ownership and origin of cattle, and has suggested possible supporting records. They include (but are not limited to):

- Birth records.
- Shipping, receiving and transportation records.
- Purchase records.
- Animal identification system.
- Sales receipts.
- Feeding records and bills.
- Animal inventory records.
- Performance records.
- Health records.

New Publications Available

Need some help with an estrous synchronization and AI program this spring? Two new publications provide valuable information: *Tips for a Successful Synchronization Program* (MF-2574) and *Synchronizing Estrus and Ovulation in Cows and Heifers (MF-2573)*. These publications are available online at *www.oznet.ksu.edu/nwao/livestock.htm* or from your local K-State Research and Extension office.

Based on these suggestions it would appear that the various production and accounting records kept by good producers could adequately prove country of origin. Those producers not keeping such records should consider doing so.

Further information can be obtained at the following Web sites:

- K-State: *www.oznet.ksu.edu/ansi/cool*
- USDA Agricultural Marketing Service: *www.ams.usda.gov/cool*

Twelve public USDA listening and education sessions for the preparation of mandatory regulations will take place across the country during April, May and June. Sessions closest to Kansas:

May 6, 2003, 1 to 4 p.m.
Hilton Kansas City Airport
8801 NW 112th St.
Kansas City, MO

May 8, 2003, 1 to 4 p.m.
University of Nebraska at Kearney
905 West 25th St.
Kearney, NE

Records are Good Business, COOL or no COOL

Dale Blasi and Sandy Johnson

Record keeping is often viewed as a major inconvenience for producers. Records are collected primarily for income tax purposes and eligibility for farm programs. But good records allow producers to make informed decisions on many management issues. This is particularly important during tough financial times when hard decisions must be made. The stress of the situation can be reduced if accurate records can add confidence to the decision-making process.

Records will continue to be increasingly important to the beef industry as it moves rapidly from being production-driven to an industry committed to meeting consumer preferences and demands. Being able to document the management practices you employ on your operation will help ensure that you benefit from the opportunity to achieve the best possible value for your livestock.

Records regarding production practices such as implant use, antibiotic use, animal gain and carcass performance could all lead to increased market value and/or marketing opportunities. Drought has forced many producers to cull cow herds, and producers with good records were able to identify and retain particular cows based on performance records. Examining records over several years can identify trends that may not be recognized otherwise (i.e., while the total is not out of line, the death loss from a particular cause seems to be increasing). Bankers are much more willing to work with producers that have a good handle on costs of production and performance projections.

As of this writing, livestock producers are faced with several unanswered questions regarding the implementation of COOL. The final interpretation of this legislation will likely be known in the coming months after the USDA conducts their series of listening and educational meetings throughout the United States. However, the timing of the final outcome does little for producers with those calves born or purchased this spring that may be affected by these unresolved rules.

No one truly knows the extent of records or audit trail that will be required to satisfy third-party verification. Now is an obvious time to begin collecting some initial records that will assist in documenting your herd when the ruling becomes final. Regardless of the end requirements of COOL, a good basic record keeping system is an asset to all producers.

Kansas Feedlot Performance and Feed Cost Summary*

Gerry Kuhl, Feedlot Specialist, Kansas State University

March 2003 Closeout Information

Sex/No.	Final Weight	Avg. Days on Feed	Avg. Daily Gain	Feed/Gain (Dry Basis)	% Death Loss	Avg. Cost of Gain/Cwt.	Projected Cost of April-Placed Cattle
Steers/10,671	1,251	144 (134-159)	3.28 (3.01-3.79)	6.18 (5.77-6.71)	1.29	$56.94 (54.16-59.79)	$50.67 (48.00-53.00)
Heifers/19,550	1,157	148 (141-162)	3.06 (2.87-3.34)	6.19 (5.55-6.86)	1.29	$57.77 (51.28-61.71)	$52.67 (50.00-55.00)

Current Feed Inventory Costs: Mid-Feb. 2003	Avg. Prices	Range	No. Yards
Corn	$ 2.72/bu	$ 2.61-2.80	6
Ground Alfalfa Hay	$99.39/ton	$86.91-115.00	6

Cooperative Extension Service
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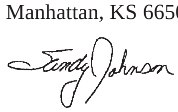

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