

Country-of-Origin Labeling

Voluntary NAIS participation ensures country-of-origin labeling compliance for Sept. 30 deadline.

Story & photo by Meghan Richey

They say it's really happening this time. Country-of-origin labeling, the twice delayed, highly controversial retail labeling program that has divided the industry with passionate debate since it debuted in the 2002 Farm Bill, will be implemented by the Sept. 30, 2008, deadline.

"Politically, I see absolutely no desire, no will by either political party to extend the September 30 date. ... We are going to be moving very, very rapidly to put country-of-origin labeling in place by the September 30 deadline," said Agriculture Undersecretary Bruce Knight. "Somehow, we are going to pull that off."

In fact, to accommodate the necessary comment period before implementation, the U.S. Department of Agriculture (USDA) will need to publish a final rule on the labeling program (often referred to as COL or COOL) by mid-July.

As of mid-April, the time of this writing, it was still bogged down in conference committee as part of the 2007 Farm Bill. But, assuming Congress moves at record speed and a final rule is issued on time, the beef industry may still be left wondering how it's going to comply.



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Compliance through ID, marketing programs

Voluntary participation in the National Animal Identification System (NAIS) may just be the key to beef industry compliance, according to an April announcement by USDA's Agriculture Marketing Service (AMS).

"We are preparing to implement this program on time ... but you can't have COOL without a proper animal ID system. One just leads to the other," said Agriculture Secretary Ed Schafer at the National Institute for Animal Agriculture (NIAA) annual meeting, where Knight also spoke.

Knight echoed this message, saying, "It is our intention that any animal in the U.S. that is participating in an NAIS-compliant system will be, at point of harvest, compliant with country-of-origin labeling. ... NAIS tags are a guaranteed safe harbor."

About now you may be remembering that country-of-origin labeling specifically prohibits the integration of a mandatory animal ID system. You're right, it does. But NAIS is voluntary at the federal level, as are the AMS audit-based marketing programs that encourage its use. These include USDA Process-Verified Programs (PVPs), Quality

Understanding country-of-origin labeling

"COOL has been one of the more anxiety-ridden, complex and controversial issues on USDA's plate for the past several years," Agriculture Undersecretary Bruce Knight said at the National Institute for Animal Agriculture (NIAA) annual meeting.

Country-of-origin labeling (often referred to as COL or COOL) was passed into law as a mandatory program with the 2002 Farm Bill and was set to be implemented Oct. 1, 2004. Its supporters labeled it as a marketing program designed to bolster demand for U.S. products through retail labeling. Critics said the program has unknown, but likely high, costs and called it a protectionist approach that would negatively affect trade. Regardless of your stance, the program is law and the beef industry must comply.

Knight describes country-of-origin labeling as a "very complicated" program and offers this explanation of its terms: It applies to red meat, produce, fish and shellfish. It applies at the retail case, but does not apply to feedlots, packers, butcher shops, fishmongers or restaurants. It applies to both imports and domestically produced agricultural products.

Congress has twice delayed full implementation of the program, but it is now set to become mandatory Sept. 30, 2008.

There are changes on the horizon for the program though, compliments of the 2007 Farm Bill, versions of which the House

passed in July 2007 and the Senate passed in December 2007. The Farm Bill went to conference committee in early 2008 to reconcile the two versions. At press time, the committee had debuted its version, which was awaiting a floor vote from both the House and Senate. However, President Bush has promised a veto should the legislation pass.

He explained that Congress' latest version of country-of-origin labeling expands the program to include goat meat, chicken but not turkey, macadamia nuts, ginseng, and honey. Requirements and penalties for suppliers and retailers have been reconciled from earlier versions so that they are in agreement, and the penalties for noncompliance have been reduced from \$10,000 per violation to \$1,000 per violation.

For the beef industry, there are several other notable changes from the original 2002 language. Three labeling categories for meat have been established: U.S. origin, mixed origin and imported. Country of origin can now be verified through existing documentation — such as normal business records, animal health papers, import or customs documents, or producer affidavits — thus alleviating the need for additional paperwork. A grandfather clause was added that considers animals to be of U.S. origin if they were here as of Jan. 1, 2008, and have remained here continuously.

ID and exports

"Exports don't guarantee prosperity, but we can't have prosperity in agriculture without exports," Agriculture Undersecretary Bruce Knight said. "We learned a very hard and difficult lesson in 2003 with the BSE (bovine spongiform encephalopathy) crisis. It changed everything; markets closed overnight. And since then we have had to work day-in and day-out to try to get those markets back open."

Knight said producers must now realize they are no longer just selling live cattle; they are selling meat that must answer two increasingly common consumer concerns:

1. Did that meat come from an animal that the consumer has assurances was free from disease?
2. Did that meat come from an animal that was raised, managed or bred along the lines that the consumer prefers?

At the Cattle Industry Annual Convention in Reno, Nev., earlier this year (see www.4cattlemen.com for coverage), Knight said, professor Gary Smith from Colorado State University made the observation that if you are producing for the global market you must have high-quality beef to sell; but to gain access to those markets, you must be able to demonstrate traceability. Smith also said that by the end of this year the European Union (EU), Japan and Korea will have mandatory animal identification (ID) and traceability programs within their own borders.

Knight explained this is significant because once they make those requirements within their own borders, they can then demand that of the products they import — meaning that if the U.S. wants to export to the EU, Japan, Korea or any other country that may implement similar programs in the future, the U.S. must also have ID and traceability.

"Not every single producer in the U.S. will need to be participating in a traceability system — only those who choose to and want to gain access to those markets," Knight said. "The key here is that the options for farmers and ranchers to garner value from traceability are about to burst wide open. I need to repeat this though: The whole thing about NAIS is animal health. It is job number one of the NAIS system, but we also must recognize the marketing benefits that are there."

System Assessments (QSAs) and Non-Hormone Treated Cattle programs.

"We are at the forefront of technology acceptance where the merger of the RFID technology (radio frequency identification; the technology of choice for NAIS) and these value-enhanced systems can come together, and the synergy will be unprecedented for the red meat industry," Knight said.

Currently, all AMS partners that have approved marketing programs, including the American Angus Association's AngusSource® program, actively encourage the use of premises registration and NAIS-compliant animal ID numbers. So if your cattle are already enrolled in one of the AMS marketing programs, all you have to do is take your participation one step further by voluntarily participating in NAIS and you'll be compliant with country-of-origin labeling.

"If you hang an NAIS tag in a calf's ear right now, you know, and everybody who buys that calf knows, that animal is basically carrying all the documentation it will ever need to be given the U.S. label," Knight said. "It's just common cowboy sense that if an animal has an 840 (the internationally recognized code for U.S.-identified animals) or is participating in the group/lot ID system, then that animal will be able to

show that it meets the needs of an audit. That's going to help producers [comply with country-of-origin labeling]."

A USDA release explained, "NAIS singles out product derived from these cattle so that it can be labeled properly when presented for sale at U.S. grocery stores for American consumers. This helps meet the objectives of the country-of-origin labeling program by identifying the origin of cattle upon arrival at harvest facilities. Contingent upon the publication of a Final Rule implementing COOL for meat and poultry products, AMS and USDA's Animal and Plant Health Inspection Service (APHIS) will coordinate efforts to develop a COOL 'safe harbor' for NAIS participants: Packers that rely upon NAIS to determine the origin of their livestock and poultry will subsequently be recognized by the department as demonstrating compliance with the COOL program's recordkeeping requirements."

"We have a fantastic opportunity ahead of us ... to bring programs together to give us opportunities domestically and internationally, while responding accordingly to our customers," Knight said. "NAIS is the enabling platform that can ensure you can move forward, whether we're talking about domestic or international customers."

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