Country of Origin Labeling (COOL) and Livestock Producers

by Danielle Gunn and C. Wilson Gray

This publication provides information on the background of the law, how it might affect sales of U.S. meat, and how producers can track and provide documentation regarding the origin of their livestock.

What is COOL?

COOL requires country of origin labeling for muscle cuts of beef, lamb, chicken, goat, and pork; ground beef, ground lamb, ground chicken, ground goat, and ground pork; as well as perishable agricultural commodities including fresh and frozen fruits and vegetables; peanuts; pecans; ginseng; and macadamia nuts. The law first passed in 2002 as part of the Farm Security and Rural Investment Act of 2002, but the implementation was delayed in 2004 for all commodities except for wild and farm-raised fish and shellfish. In 2005 the implementation was delayed again until September 30, 2008.

On July 29, 2008, an “interim final rule” was released which details how the law is to be implemented. This rule went into effect on September 30. The final rule was released on January 12, 2009, and contains minor changes to the interim rule.

Some meat producers might be under the impression that COOL is a food-safety law. In fact, COOL is essentially a marketing program to ensure 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 requirements for supplying commodities in the marketplace. All food products offered to U.S. consumers have supposedly 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 by the Animal and Plant Health Inspection Service (APHIS), along with the Food and Drug Administration (FDA).

Will COOL help sell U.S. meat?

Most consumers want to know where their food comes from. In fact, according to a poll by Zogby International, 94% believe they have a right to know the country of origin of their food. The poll indicated that 90% believe knowing the country of origin will allow them to make safer food choices. Nearly half (48%) said they don’t know where the majority of their food comes from. Nearly two-thirds go out of their way to buy locally produced food.

If consumers want COOL information, does that translate into a premium price for U.S. origin meats? The answer is maybe. According to a 2004 article in Choices magazine, several surveys have been conducted to assess U.S. consumers’ willingness to pay a premium price for meat that is labeled as a U.S. product, compared to unlabeled meat. The results vary widely depending on the survey. Consumers indicated a willingness to pay anywhere from 2.5% to 58% extra for meat that was from the United States (table 1). The article also points out that consumers are only willing to pay a premium for U.S. meat if the U.S. product is believed to be safer and of higher quality than the meat from other countries.

In some cases, according to the Choices magazine article, consumers may in fact prefer meat from other countries. In a blind taste test, 34% of consumers said they preferred the taste of Canadian beef compared to U.S. beef, and were willing to pay a premium for the Canadian product. Argentine beef was favored over U.S. beef by 23% of consumers, and Australian beef by 17% of consumers.

Interestingly, the Australian and Argentine beef products were from grass-fed cattle, while US and Canadian beef is generally grain-fed. The Choices article points out that for some consumers, grass-fed beef is considered a higher quality product in terms of nutritional content. Thus, the COOL law might actually lead some consumers to buy meat from other countries, if that meat is viewed as being just as safe as the U.S. product, and superior in terms of taste and nutrition.

Will consumers actually pay attention to the country of origin label? A study just released by USDA’s Economic Research Service revealed that consumer use of nutritional labeling has declined over the last 10 years since the labels were modified to provide more clear and consistent information for shoppers. This is especially true for younger shoppers. We will have to wait and see whether the COOL labeling might also see similar changes over time. The report 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.”

<table>
<thead>
<tr>
<th>Survey</th>
<th>Steak</th>
<th>Hamburger</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado, on-site survey, 2002</td>
<td>38% more</td>
<td>58% more</td>
</tr>
<tr>
<td>Chicago and Denver, on-site survey, 2002</td>
<td>11% more</td>
<td>24% more</td>
</tr>
<tr>
<td>United States survey via mail, 2003</td>
<td>2.5%-2.9% more</td>
<td>(no data)</td>
</tr>
</tbody>
</table>

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 word “lamb” refers to any meat from sheep, including mutton. The law also directs the Secretary of Agriculture to issue regulations to implement these labeling requirements. While the final rule was released on January 12, some aspects of the regulation could still be subject to change.

Packers and processors that supply covered commodities to retailers 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.

1. **Product of the United States**—A covered commodity is eligible for designation as “Product of the U.S.” only if it is derived “from an animal that is exclusively born, raised and slaughtered in the United States,” according to the AMS final rule.

2. **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.

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

4. **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,” according to the AMS final rule. “U.S.” represents the United States and the abbreviation “U.K.” can represent “the United Kingdom of Great Britain and Northern Ireland.” 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 a food service establishment (such as restaurants, delis, and institutions), OR
2. The meat product has undergone specific processing resulting in a change of character (such as 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, pizza, frozen dinners), (g) fabricated steak, (h) meatloaf, and (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, Associate 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 a 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 coun-
tries. 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 Agricultural Marketing Service will allow animals present in the United States on or before July 15, 2008, and once present in the United States, that remain 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-keeping problem for feedlots where those animals may have been co-mingled and country of origin is not determinable.

One step producers should take immediately is to inventory all animals on-farm as of July 15, 2008. 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. Suppliers must maintain documents to identify the previous source and next recipient of covered commodities for 1 year after the transaction. The supplier (i.e., producer) 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 primary responsibility, but all suppliers in the marketing chain—cow-calf, stocker and feed yard operators—will need to retain appropriate records.

As a livestock producer what steps do I take to declare origin and become current with the law?
The final rule states—“Any person engaged 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 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 final rule, they supply covered commodities and thus will be requested to provide affidavits to prove animal origin information. If producers do not comply with the law, they will likely not be able to sell their products to feeders, processors, or retailers. 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 origins and identities involved in the transaction. This information can be provided by an identification tagging system or other recordkeeping 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 extracted from your records for the sale affidavit:

- 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, and leases
- Sales and deaths
- 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 record-keeping 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 party responsible 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, and brand inspections. 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 (such as country brand) 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 (see page 8). 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. This is useful when producers repeatedly sell to the same buyers.

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, and billings. This document could be used for a one-time situation, when you don’t foresee selling to that buyer again.

3. 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 substan-
tiate 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. Producers may wish to use the sample record-keeping sheets (see pages 9-11).

A second clarification of COOL pertains to stocker producers and feedlots. The clarification comes from the Agricultural Marketing Service’s 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.

Conclusion

COOL will provide information to consumers regarding the origin of covered meat commodities. This is beneficial from a consumer standpoint. However, it is still unclear whether COOL will actually help U.S. meat producers to market their products. For one thing, COOL excludes major retail markets such as food service (restaurants) and processed products. Because these products do not need to carry country of origin labeling, foreign products can compete equally with U.S. products in these markets.

In addition, the entire industry is facing additional work and expense to provide country-of-origin 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.

What is clear is 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.

Epilogue

Changes may still be made to the COOL law. In his February 20, 2009 letter to industry, Secretary of Agriculture Tom Vilsack suggested that industry should voluntarily adopt the following changes to the final rule. At this point, these changes are voluntary, and not all of them concern producers. We will keep you informed if any of these becomes mandatory.

1. **Labeling of product from multiple countries of origin**—In order to provide consumers with sufficient information about the origin of products, processors should voluntarily include information about what production step occurred in each country when multiple countries appear on the label. For example, animals born and raised in Country X and slaughtered in Country Y might be labeled “Born and Raised in Country X and Slaughtered in Country Y.” Animals born in Country X but raised and slaughtered in Country Y might be labeled as “Born in Country X and Raised and Slaughtered in Country Y.”

2. **Processed Foods**—The definition of processed foods contained in the Final Rule may be too broadly drafted. Even if products are subject to curing, smoking, broiling, grilling, or steaming, voluntary labeling would be appropriate.

3. **Inventory Allowance**—The language in the Final Rule allows a label for ground meat product to bear the name of a country, even if product from that country was not present in a processor’s inventory for up to 60 days. This provision allows for labels to be used in a way that does not clearly indicate the product’s country of origin. Reducing the time allowance to ten days would enhance the credibility of the label.

The letter concluded with this warning: “The Department of Agriculture will be closely reviewing industry compliance with the regulation and its performance in relation to these suggestions for voluntary action. Depending on this performance, I will carefully consider whether modifications to the rule will be necessary to achieve the intent of Congress.”

The letter and other information on the implemented final rule are on-line at www.ams.usda.gov/cool.
Resources


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


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


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).

<table>
<thead>
<tr>
<th>Signature</th>
<th>Date</th>
<th>Business/Farm/Ranch Names/Location</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</table>

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.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Date</th>
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<tbody>
<tr>
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</table>

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 such as “589632”)

Owner(s) of Livestock: ________________________________

Contact Information: ________________________________

(Include address and phone number)

<table>
<thead>
<tr>
<th>Date</th>
<th># of head</th>
<th>Animal/Tag ID#</th>
<th>Brand</th>
<th>Sex</th>
<th>Year of birth</th>
<th>Age</th>
<th>Origin of Birth</th>
<th>Weaning Date</th>
<th>Sale Date</th>
<th>Buyer</th>
<th>Comments</th>
</tr>
</thead>
</table>
**COOL Compliant Recordkeeping—Cow-Calf Operator**

Ranch Name: ____________________________________________________________

Premise ID #: _________________________________________________________

(Dependant upon if you registered under a state or national ID system such as “589632”)

Owner(s) of Livestock: __________________________________________________

Contact Information: __________________________________________________

(Include address and phone number)

<table>
<thead>
<tr>
<th>Date</th>
<th># of head</th>
<th>Animal/Tag ID#</th>
<th>Brand</th>
<th>Sex</th>
<th>Year of birth</th>
<th>Age</th>
<th>Origin of Birth</th>
<th>Weaning Date</th>
<th>Sale Date</th>
<th>Buyer</th>
<th>Comments</th>
</tr>
</thead>
</table>
COOL Compliant Recordkeeping—Feeders/Stockers

Ranch Name: ________________________________________________________________________________________________________________

Premise ID #: ________________________________________________________________________________________________________________

(Dependant upon if you registered under a state or national ID system such as “589632”)

Owner(s) of Livestock: ____________________________________________________________________________________________________________

Contact Information: ____________________________________________________________________________________________________________

(Include address and phone number)

<table>
<thead>
<tr>
<th>Date</th>
<th># of head</th>
<th>Animal/Tag ID#</th>
<th>Brand</th>
<th>Sex</th>
<th>Year of birth</th>
<th>Age</th>
<th>Origin of Birth</th>
<th>Weaning Date</th>
<th>Sale Date</th>
<th>Buyer</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example:</td>
<td>7/15/2008</td>
<td>10</td>
<td>001 to 010</td>
<td>Lazy Ul</td>
<td>Steer</td>
<td>2007</td>
<td>16 mos.</td>
<td>USA</td>
<td>11/1/2007</td>
<td>Low Ball Feeders</td>
<td>Feeders</td>
</tr>
</tbody>
</table>
About the authors

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