

COOL Executive Summary

COOL is a marketing issue, but many people perceive it as a food safety issue. Consumers routinely see such labels on fresh and canned fruits and vegetables, as well as peanuts, fish and shellfish. However, applying COOL labels to steaks, ground meat and other products made from beef, pork and lamb is not a simple matter, which is why implementation of meat labeling has been delayed. And consideration of the farm bill later this year means the debate will continue.

Issue Background

Providing valuable information on product labels at the grocery store is important, and more labeling is better, in most cases. Nutritional information, content, amount and recipes are commonly found on product labels. However, identifying where the product is from is not typically found on every product at the local grocery store.

The 2002 farm bill called for mandatory COOL for most meats, peanuts, fresh fruits, vegetables, fish and seafood. Some fruits and vegetables already are labeled as to country of origin at the grocery store, however, most meat is not

labeled, and there are many reasons why this is the case.

The labeling law is important because retail stores provide a wide variety of products for consumers. The global marketplace allows for great variety and choices, including imported products from all over the world. The retail market has changed immensely to meet consumer demands by providing more pre-packaged, ready-to-cook, pre-seasoned and heat-and-serve products. These offerings are in addition to the usual cuts of steaks, chops, whole loins, tenderloins, and ground veal, pork and beef. Mandating a label on each of these products would be

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challenging, time-consuming and costly.

Some believe COOL would provide additional food safety and security. However, COOL is not a food safety measure, which is evidenced by the fact that the USDA Food Safety Inspection Service (FSIS) would have no jurisdiction regarding the implementation or administration of the law if it is implemented. Rather, COOL is meant to provide a more recognizable distinction between foreign and domestic products so that U.S. consumers may use that marketing information when

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AFBF Policy

AFBF Policy 93, Labeling

(excerpted):

“We support a voluntary country-of-origin labeling (COOL) program for agricultural products that is market driven and adds value to the products. USDA should administer rules and regulations for certification.

“We support:

(1) Continued discussions of COOL, pending the implementation of the U.S. Animal Identification Plan currently under development. Future consideration of the livestock and meat provisions of COOL should take place when producers are satisfied with USDA’s proposed rule and when COOL implementation is appropriate with the creation of a national animal identification program; and

(2) Providing recommenda-

tions on the future implementation of a COOL program including the concept of establishing a recognizable ‘national logo’ that designates USA produced products.

“We support the inclusion of all dairy products in country-of-origin legislation. Country of origin shall mean that only animals that are born, raised and processed in the U.S. are eligible for a ‘USA origin’ label. We support aggressive efforts to implement country-of-origin labeling programs that are both feasible and reasonable to the livestock industry, which enhance demand for U.S. meat products without creating significant industry implementation costs.

“We support congressional funding for the implementation of voluntary country-of-origin labeling.”

COOL, Animal ID

COOL is a marketing program to provide increased information to consumers in grocery stores. There is neither a food safety nor an animal health component related to it.

The national animal identification system (NAIS) is designed to control and minimize any disease outbreaks. This tracking would not extend beyond the live animal and therefore would not be apparent to consumers at the retail level.

The 2002 farm bill explicitly states that no mandatory NAIS should be used to help implement COOL.

Supporters of mandatory COOL often strongly oppose animal identification. AFBF believes the programs could be used together, voluntarily, to achieve a positive outcome for producers.

Economic Analysis

Many advocates of a mandatory COOL program for meat sold in the U.S. claim consumers would choose the domestic product over an imported product, if only that information were available on the packaging.

However, consumers’ grocery purchases are driven largely by price. Lower cost will trump country of origin for most consumers, all else being equal. For consumers to select a higher-priced U.S. product over a lower-priced imported product, they would have to associate the domestic choice with superior quality. And there are examples of identified imported

product being perceived as higher quality than domestic product in the meat case today.

USDA has estimated the first year start-up costs of a mandatory COOL program between \$500 million and \$3.9 billion. Subsequent year expenses are estimated to run \$140 million to \$600 million.

USDA’s interpretation of the labeling law would require positive identification of all livestock—domestic or imported. In the absence of near-universal animal identification, most of the costs of program implementation would be for the record-keeping necessary to confirm an animal

was born, raised and processed in the United States, thus qualifying it for a “Product of the U.S.” label.

Some detractors claim USDA’s estimates are incorrect and significantly over-inflated. However, on March 27, 2007, the Food Marketing Institute (FMI) compared the actual implementation costs for the first 2.5 years of the seafood COOL program with USDA’s estimates. FMI reported actual implementation costs exceeded USDA’s estimated costs by up to 10 times. This bears out that the task of predicting mandatory COOL’s price tag is at best an inexact science.

Public Relations Resources

Talking Points

- Farm Bureau supports voluntary COOL labeling of meat, fruits, vegetables, peanuts, fish and seafood.
- COOL is not a food safety measure. Rather COOL is a marketing tool meant to provide a more recognizable distinction between foreign and domestic products.
- Farm Bureau opposes mandatory COOL for meat because:
 - (1) No method currently exists to track animals or meat through the food chain and back to the country of origin. Some

cattle cross the border between the U.S. and Mexico or the U.S. and Canada multiple times under tight animal health regulations.

- (2) Multiple labels indicating origin of ground beef, lamb and pork through processing would not provide useful information to consumers because a package of ground products may come from multiple countries, which would be listed on the label according to the USDA rule.
- (3) COOL of meat is not sought by most consumers, and inconsistent labeling, as proposed in the

USDA rule, would confuse many consumers. For example, pork bellies cured and smoked to make bacon would not be labeled, while seasoned pork loin would be labeled. And cooked roast beef would be labeled, but ready-to-cook prepared kabobs would be exempt.

- (4) Program costs are likely to be passed down to producers, and burdensome record-keeping requirements—such as third-party verification and signed legal affidavits—have been outlined for producers.

What's Happening Now?

H.R. 357 has been introduced to implement mandatory COOL requirements for meat and produce on Sept. 30, 2007, a year in advance of currently scheduled implementation. Representatives Dennis Rehberg (R-Mont.), Stephanie Herseth Sandlin (D-S.D.), Barbara Cubin (R-Wyo.), Steve Kagen (D-Wis.) and Cathy McMorris Rodgers (R-Wash.) are chief sponsors of this bill.

If H.R. 357 was to become law, it would replace the current delay in mandatory COOL for meat, produce and peanuts that was contained in the most recent agriculture appropriations confer-

ence report. The two-year delay pushed back implementation to Sept. 30, 2008.

The Meat Promotion Act, which would implement a voluntary labeling program administered by USDA, is currently being talked about in the Senate with introduction likely in the 110th Congress later this year. Sen. John Cornyn (R-Texas) introduced this bill in the 109th Congress as well.

Farm Bureau supports a voluntary COOL program for agricultural products that is market-driven and adds value to the products with rules and regulations for certifica-

tion administered by USDA. Future consideration of the livestock and meat provisions of COOL should take place when producers are satisfied with USDA's proposed rule and when COOL implementation is appropriate along with the creation of a national animal identification program. We support aggressive efforts to implement COOL programs that are both feasible and reasonable to the livestock industry, and which enhance demand for U.S. meat products without creating significant industry implementation costs.

Issue Background

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making purchases. If COOL was applied to meat, it also would be as a marketing tool, not a food safety measure.

One label that does appear on most muscle meat is the USDA Agricultural Marketing Service (AMS) grade-level stamp, which indicates whether the cut is choice, prime or select. Using a voluntary program, COOL could be administered in a manner similar to that of the USDA grading system.

Examples of other product labeling programs administered by USDA/AMS are the certified beef programs: Certified Angus Beef, Sterling Silver and Certified Hereford. These programs, which are market-driven, provide additional information that some consumers value in making food purchasing decisions.

Similarly, a voluntary meat labeling program would allow consumers to determine the value of labeling individual products as well as the overall program value of COOL.

Most consumers are driven by prices at the grocery store and will make choices based on lowest cost of product versus where the

product was derived. This trend alone makes it difficult to embrace the costs of implementing a mandatory labeling program if there are questionable benefits in providing the additional information. Other factors include convenience of cooking and family preferences, rather than country of origin.

In addition, USDA estimates the costs of mandatory COOL, the first year alone, to be between \$500 million and nearly \$4 billion. Most economists agree the majority of these costs would be passed down to producers, with some experts predicting costs to be \$10 per head of cattle and \$1.50 per hog.

Many advocates of mandatory COOL talk about how simple the program would be to implement. They say all we have to do is label imported meat products by differentiating imported cattle versus domestic cattle and then tracking the product once it is further processed. However, global trade laws do not permit us to differentiate domestic product or take any actions domestically that are not consistent with how we treat foreign product. By “simply” labeling

as imported Canadian, Mexican or Australian product, we are lumping all those countries into one category. But it’s important to ask: Would U.S. cattle ranchers want their cattle and meat products to be labeled as imported product in Canada, lumped along with Mexican, Asian and New Zealand meat products? U.S. livestock producers are proud of the fine products they produce, regardless of varying local conditions and environmental, health and land-use requirements.

Country-of-origin labeling is a good concept, but it should be carefully implemented. Farm Bureau advocates a voluntary labeling program, likely in conjunction with animal identification for meat labeling purposes.

For More Information

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Additional Resources

Additional information is posted on Farm Bureau’s intranet site, SILO, at <http://silo.fb.org/issues/livestock>.

Among the resources posted on the Livestock Issues Management page on SILO are news clips, links to past Issues Management Briefings about related issues and links to agricultural law programs around the U.S. Links to related conference calls and PowerPoint® slide presentations also are posted on this page.