

Animal Identification & Country of Origin Labeling

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Annual Beef Cattle Short Course
Gainesville, Florida
May 5th, 2004



Introduction to Animal ID What is it? Different Things to Different People

- ▶ Animal Management
- ▶ Regulatory Compliance
- ▶ Disease Control and Prevention
- ▶ Meeting Customer Needs
- ▶ Electronic ID
- ▶ Trade Obligations
- ▶ National Identification System
- ▶ Identifying Bad Actors
- ▶ Trace back
- ▶ Carcass Data and Feedback
- ▶ All The Above



Animal Identification

- ▶ Regulatory Component
- ▶ Management Information Component



Animal Identification: Regulatory

- ▶ Legitimate needs of government to help protect our industry and the consuming public
- ▶ Animal Health System
 - Disease Control
 - BSE
 - FMD
 - Tuberculosis
 - Brucellosis
- ▶ Food Safety Inspection System Residues



Animal Identification: Management Information

- ▶ Information needed to improve profitability, animal genetics, carcass quality, and eating consistency
- ▶ Genetics
 - Sire and Dam
- ▶ Performance
 - Average Daily Gains
 - Feed Conversion
- ▶ Carcass Data
 - Quality Grade
 - Yield Grade
 - Ribeye Area



Focus on Regulatory Component

- ▶ Brucellosis tags are the current regulatory ID
- ▶ Used for traceback if there are residue or disease problems
- ▶ In 1990, 9 million cattle were tagged
- ▶ In 1999, less than 4 million cattle were tagged
- ▶ Near end of eradication, fewer vaccinations



NCBA and Animal Identification

- ▶ ID has been an issue for more than 10 years
- ▶ 1999—2001 Animal ID Subcommittee
 - Established standards through NCBA policy process
- ▶ 2002—U.S. Animal Identification Plan
 - NCBA and state cattle associations represented
- ▶ December 30, 2003--USDA announced ID initiative
- ▶ April 27, 2004—USDA made ID announcement



USDA Announcement of National Animal Identification System (NAIS)

- ▶ “designed to identify any agricultural premise exposed to a foreign animal disease so that it can be more quickly contained and eradicated”
- ▶ \$18.8 million in funding for FY 04 approved
- ▶ \$33 million requested from Congress for FY 05



USDA Announcement of National Animal Identification System (NAIS)

- ▶ Phase I
USDA would evaluate current federally funded animal identification systems and determine which system(s) should be used for a NAIS, further the dialogue with producers and other stakeholders on the operation of a NAIS, identify staffing needs, and develop any regulatory and legislative proposals needed for implementing the system.



USDA Announcement of National Animal Identification System (NAIS)

- ▶ Phase II
“would involve the implementation of the selected animal identification system at regional levels for one or more selected species, continuation of the communication and education effort, addressing regulatory needs and working with Congress on any needed legislation.”



USDA Announcement of National Animal Identification System (NAIS)

- ▶ Phase III
“the selected animal identification system(s) would be scaled up to the national level.”



Animal Identification Summary

- ▶ Producers questions must be answered
 - Confidentiality
 - How will it work
 - Flexibility to deal with diverse industry
 - Cost—What will it cost and who will pay it?
- ▶ USDA must put in place a process that resolves these and other issues



Country of Origin Labeling



Past, Present and Future of Country of Origin Labeling

- ▶ 1997—NCBA supported Mandatory Country of Origin Labeling
- ▶ 1997—Task force to facilitate legislation development and implementation
- ▶ 1998—Task force report became text of legislation that passed US Senate
- ▶ 1998—Legislation was stripped from bill during Conference on ag appropriations bill and a study on labeling was ordered



Past, Present and Future of Country of Origin Labeling

- ▶ 1999—House Agriculture Committee hearing held to “explore the matter more fully” and “know more about the methods and cost of compliance.”



Comments made by Chairman Pombo

- ▶ “Explore this matter more fully”
- ▶ To “understand the philosophies, the costs, the benefits, and the alternatives.”
- ▶ “Whether or not country of origin labeling is a tool for producers to earn more in the marketplace”
- ▶ “Know more about the methods and cost of compliance and enforcement”



Caren Wilcox, Deputy Under Secretary for Food Safety testified:

- ▶ “There are a variety of regulatory regimes for country of origin labeling that could be adopted.”
- ▶ These include:
 - “Enforcement by USDA at retail”
 - “Enforcement at wholesale establishments”
 - “Enforcement by states or other Federal agencies”
 - “Monitoring through private, third party certifiers”
 - “Whistleblower or competitor complaint system”
- ▶ “We believe there would probably have to be the kind of paperwork trace-back system.”



Robert Robertson with the General Accounting Office testified:

- ▶ “There is going to be significant costs associated with compliance and enforcement.”



Producers told to work this thing out

► Peterson to Pombo

“You and I should round up all the suspects and get them in a room and see if we can have a good discussion and come up with a resolution that would be good for everybody.”

FY 2000 Ag Appropriations Bill: Report Language

- “The conferees believe that there is an absence of clarity concerning the definition of U.S. cattle and U.S. fresh beef products. This limitation hinders the ability of producers to promote their products as ‘Product of the U.S.A.’ The conferees direct the Secretary of Agriculture, in consultation with the affected industries, to promulgate regulations defining which cattle and fresh beef products are ‘Products of the U.S.A.’ This will facilitate the development of voluntary, value-added promotion programs that will benefit U.S. producers, business, industry, farmers, and commerce.” [House Report 106-1906]

USDA Report Released January 2000

“[C]ountry or origin labeling is certain to impose at least some costs on an industry which will either be passed back to producers in the form of lower prices or forward to consumers via higher prices. There would also be compliance and enforcement cost to the government. The extent of these costs would vary depending on the nature of the regulatory scheme and the amount of enforcement and compliance

GAO Report Released January 2000

- Mandatory country of origin labeling for meat “would necessitate change in the meat industry’s current practices.” “Creat[ing] compliance costs across all sectors of the industry.”
- “U.S. Packers, processors, and grocers would, to the extent possible, pass their compliance costs back to their suppliers—U.S. cattle and sheep ranchers—in the form of lower prices or forward to consumers in the form of higher retail prices.”

GAO Report Released January 2000

- “To comply with [country of origin labeling] U.S. producers could be required to track and maintain detailed records of the movements of their livestock and have controls in place to ensure the accuracy of this information.”

GAO Report Released January 2000

- “Enforcement cost for country of origin labeling would be incurred because government regulators would have to adequately oversee all sectors of the meat industry affected by the legislative requirements. The enforcing agency would have to implement a monitoring system to ensure the identity of meat is maintained at the producer, packer, processor, distributor, and retail levels... Because inspectors would generally be unable to determine the country of origin of livestock for meat from visual inspection, they might need to periodically review the entire industry’s internal records, practices, and records.”

NCBA: Negotiating a workable program 2000

- ▶ Negotiated with:
 - Food Marketing Institute
 - American Meat Institute
 - American Farm Bureau Federation
 - National Farmers Union
 - National Meat Association
- ▶ Submitted to USDA in September 2000



Petition to USDA

- ▶ Submitted to USDA September 2000
- ▶ House Agriculture Subcommittee Hearing September 26, 2000 to review studies and progress on proposal to USDA
- ▶ Clinton administration acknowledged receipt of proposal in Federal Register, January 19, 2001
- ▶ Follow up letter to Secretary Veneman, February 9, 2001
- ▶ Meeting with Under Secretary Bill Hawks, July 11, 2001
- ▶ Response from Mr. Hawks, July 2001



Letter from Under Secretary Hawks

- ▶ “I have asked AMS to begin action on the petition requesting a USDA voluntary, user-fee funded certification program that will enable a label for beef products”
- ▶ “I have directed AMS to conduct an expeditious review to ensure that all segments of the industry are aware of this action”



House Agriculture Committee Farm Bill Markup—July 26 & 27, 2001

- ▶ House Farm Bill Markup Transcript
 - 12,463 lines of text
 - 3167 on Country of Origin Labeling
 - 25% of markup record is Country of Origin Labeling



House Agriculture Committee Farm Bill Markup—July 26 & 27, 2001

- ▶ Chairman Combest:

“I think it is very important that we lay out the full ramifications of what this amendment may potentially do, and try to get the answers to the unanswered questions before it is put into passage rather than after the fact.”



House Agriculture Committee Farm Bill Markup—July 26 & 27, 2001

- ▶ USDA personnel were asked how the program would be implemented?
 - “Records intensive”
 - “Maintained at all levels”
 - “Trace records back to level of production”
 - “Complex”
 - “a lot of on-the-ground visits to a whole variety of entities to be checking records”
 - “making sure that identity truly does trace back to origin as is represented at the retail level”



House Agriculture Committee Farm Bill Markup—July 26 & 27, 2001

- ▶ Mr. Pombo recapped his concerns:
- ▶ We have worked through all that “was necessary to develop legislation”
- ▶ “We began to realize that there were a lot of problems with proceeding with legislation like this”
- ▶ We “began to realize that it was nearly impossible to put together a bill that answered all of the questions.”
- ▶ “If you put a higher cost on our producers, the only way to recoup that higher cost is through lower prices.”
- ▶ “I have a feedlot...Everyone of those cattle...would have to be tattooed at birth so we could track those cattle...I would have records of exactly where that animal came from.”



House Agriculture Committee Farm Bill Markup—July 26 & 27, 2001

- ▶ The Committee had extensive debate about:
 - How processed foods will be dealt with
 - Foodservice exemption
 - Grocery store delis
 - Blended products
 - Products of mixed origins
 - Wild-caught fish, farm-raised fish
 - Labeling progeny of imported semen or embryos



House Agriculture Committee Farm Bill Markup—July 26 & 27, 2001

- ▶ At one point, the Committee consented to exempting retailers in the following states from the mandatory labeling law:
 - Texas
 - Minnesota
 - Ohio
 - North Carolina
 - Virginia
 - Alabama
 - Florida
- ▶ The mandatory country of origin labeling amendment failed in the House Agriculture Committee on a voice vote after 6 hours of debate.



NCBA Affiliate Meeting

- ▶ The meeting convened in Denver on September 24, 2001
- ▶ Working group statement:
 - NCBA will serve as a catalyst to facilitate and endorse voluntary USA beef labeling in the private sector for “born, raised & processed” USA beef.
 - Voluntary labeling of USA beef will be market-driven in private sector retail and foodservice channels.
- ▶ Working group statement approved by Executive Committee on October 16, 2001
- ▶ Approved at 2002 Convention



Farm Bill Developments

- ▶ House Floor
 - October 4, 2001—Adoption of mandatory fruit and vegetable labeling amendment (296-121, 107th Roll Call #370)
- ▶ Senate
 - November 13, 2001—Senate Agriculture Committee approved Title X of Senate Farm Bill containing mandatory country of origin labeling
 - February 13, 2002—Farm Bill passed Senate



Farm Bill Conference Conferences held March 13-April 21, 2002

- ▶ Republican and Democratic members of the House conference posed questions to Senate supporters about tracking, tracing, labeling, auditing, verifiable audit trails, certification, blended product, and product of multiple origins, the answers included:
 - “at some point we have to ask USDA to write regulations”
 - “we are saying to USDA, you by regulation have the authority and the responsibility to cross all the T’s and dot all the I’s”
 - “I guess we leave it to the Secretary to determine that.”



Farm Bill Conference

Conferences held March 13-April 21, 2002

▶ Mr. Pombo said:

This bill would have a "record keeping requirement..." The Senate bill contains a paragraph "that the secretary may require that...That they keep the recordkeeping to trace back exactly where that animal came from. That is a record keeping requirement that would be unavoidable for every cow, every pig and everything that would come under the bill....Mr. Peterson and I spent 4 years working on this...I think this is not a very workable program format. It is very cumbersome and very confusing. And quite frankly, I do not know if you can enforce it if you were to adopt it. It would be nearly impossible for our producers in any way to comply with this. Without a recordkeeping requirement that would just be unbelievable.



Farm Bill Conference

Conferences held March 13-April 21, 2002

▶ Mr. Pombo said, "I cannot afford to sit here and say, we'll let somebody figure that out. I have to figure out for myself how you expect this to be implemented. Because for the life of me, I cannot figure out how you would do this."

▶ A Senate supporter, responded "I am not the author."

▶ To which Mr. Pombo replied "...That is what this is about. We are sitting here at the conference working out the differences between you and us and if we do not figure this out right now, when is it going to happen...?"



Country of Origin Labeling Law

- ▶ Guidelines Issued October 11, 2002
- ▶ Listening Sessions in 2003
 - Orlando, Florida on May 14, 2003
- ▶ Bonilla Provision in House (208-193)
- ▶ Proposed Rule Issued October 30, 2003



Country of Origin Labeling Law

- ▶ Implementation date delayed two years
H.R. 2673, The Consolidated Appropriations Act of 2004—Sec. 749:
 - Section 285 of the Agricultural Marketing Act of 1946 (16 U.S.C. 1638d et seq.) is amended by striking '2004' and inserting '2006, except for 'farm-raised fish' and 'wild fish' which shall be September 30, 2004'.



Present Status

- ▶ Two year delay in place
- ▶ Bono-Hooley Bill
 - 2004 Implementation
- ▶ Daschle amendment
 - 2004 Implementation



Current Status

- ▶ NCBA Continues to work to develop legislation that would implement policy established by producers
 - Voluntary, producer driven effort
- ▶ Anticipate legislation at some point to modify the law



Future of Country of Origin Labeling?

- ▶ NCBA will work to implement policy so program works better for producers
- ▶ The future of country of origin labeling is in your hands

