



NEWS ALERT!

NMA EXTRA TRIMMINGS

NATIONAL MEAT ASSOCIATION

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June 14, 2007

From: Jeremy Russell, Director of Comm. & Gov. Rel.
To: All General Members

Re: Retail Requirements for Country-of-Origin Labeling

National Meat Association, along with six other industry organizations, has received Food Marketing Institute's description of what will likely be necessary for retailers to meet the country-of-origin labeling requirements that become mandatory in September, 2008. FMI's letter is attached to this *Extra Trimmings*.

In essence, FMI suggests retailers require information from meat suppliers in four areas: signage, records, audits and indemnification. FMI recommends suppliers provide the signage, in the form of stickers or placards, with the verified origin information for the product. It also recommends suppliers provide records proving origin *with each shipment*. It says that retailers should require the results of all COOL-related audits. And it proposes that retailers require indemnification from suppliers for "any fines and any other costs (including attorneys' fees) that the retailer may incur as a result of the country of origin information that the supplier provides or fails to provide."

As well as the above, FMI suggests that retailers ask their suppliers to provide *immediate* written confirmation of their ability to meet these requirements.

If you are a packer of beef, pork or lamb we suggest you communicate now with your livestock suppliers as to whether or not they will be able to supply you with origin records preferably with the livestock when they are delivered. An alternative is to insist, as a condition of purchase of livestock, that you have access to the records in the livestock supplier's possession.

If you process beef, pork or lamb, we highly recommend that you contact your packer suppliers and make sure that they will be able to provide the above records.

We are continuing to put pressure on Congress to overhaul the mandatory COOL law, but time is quickly running out. We suggest you get in touch with your producers immediately to make sure they are aware of what will be required of you and what you will be requiring of them.

If you have any questions, please contact me by phone or e-mail. Thank you.

Sincerely,
Jeremy Russell
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June 8, 2007

Dear Meat Industry Partner,

As you are undoubtedly aware, the Agricultural Marketing Act of 1946, as amended by the 2002 Farm Bill, requires retailers to provide country of origin information for specified beef, pork and lamb products beginning September 30, 2008. Despite our efforts to replace this burdensome program with a more workable, market-driven approach, the law is still scheduled to take effect in less than 16 months. The country of origin declaration that our members will be required to make as of September 30, 2008 is tied to the location of the animals that are now being born and raised. Thus, in the absence of clear regulatory guidance from the U.S. Department of Agriculture (USDA), our members have asked for our advice on the steps that they should take to prepare to comply.

Accordingly, based on our interpretation of the law and our experience with seafood COL implementation, we are recommending that our members consider the following, although each retailer will, of course, need to decide independently how best to work with its suppliers:

Stickers/Signs. *Asking suppliers to provide country of origin information (stickers or placards) that the retailer can utilize to satisfy the retailer's store level labeling obligation with each covered commodity shipment sent to the retailer.* Information directly from those who have firsthand knowledge of the country of origin of the products will increase the accuracy of the information provided to consumers, which is required by law.

Records. *Asking suppliers to include documentation with each shipment in the form of a laminated card or other suitable format that the retailer can use to meet the store level recordkeeping obligations.* USDA's seafood COL regulations require retailers to maintain records at store level and we have every expectation that USDA will require store level recordkeeping for all other covered commodities if the law goes into effect unchanged. Many of FMI's members currently ask their seafood suppliers to provide a record suitable for store level maintenance to satisfy this legal requirement.

Audits. *Asking suppliers to provide the results of an audit conducted by USDA or another independent third party to establish that the necessary systems are in place to ensure the accuracy of the country of origin information provided.* Retailers are required to make a declaration, subject to penalties, about which they have no firsthand knowledge. Our experience with the seafood COL program is that retailers are the ones who are most likely to be inspected and, therefore, subject to fines. Accordingly, we recommend that retailers take steps to ensure that the information they are required to provide is as accurate as possible.

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Indemnification. *Asking suppliers to indemnify the retailer for any fines and any other costs (including attorneys' fees) that the retailer may incur as a result of the country of origin information that the supplier provides or fails to provide.* As noted above, our experience with seafood COL implementation indicates that retailers are most likely to be inspected and, therefore, most likely to be fined. Accordingly, we recommend that retailers take steps to protect themselves from costs properly borne by their suppliers.

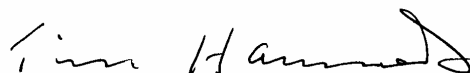
In addition, since the animals that will yield the covered commodities at issue are or soon will be in their production lifecycle, we have recommended that retailers ask their suppliers to provide **immediate** written confirmation of the following:

1. They and their suppliers are now documenting the identity and locations of any animals, including cattle, hogs and lambs, that will yield covered commodities that will be sold as of September 30, 2008 and that such documentation will occur throughout each animal's lifecycle; and
2. They intend to comply with the provisions regarding signage, recordkeeping, audits and indemnification.

* * *

Please do not hesitate to contact Deborah White, FMI's Vice President and Associate General Counsel, if you have any questions regarding this matter.

Sincerely,



Tim Hammonds

Recipients:

American Farm Bureau Federation
American Meat Institute
National Cattlemen's Beef Association
National Farmers Union
National Meat Association
National Pork Producers Council
R-Calf USA

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