

## Country of Origin Labeling

### Informational and Listening Session

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## Country of Origin Labeling

### USDA Presentation

- Provide overview of the law
- Describe current thinking on upcoming regulations

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## Country of Origin Labeling

### Opportunities for Attendees

- Provide input for upcoming regulations:
  - Speak for up to 3 minutes
  - Provide written input to USDA

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## Country of Origin Labeling

### Principal Points

- Who must label
- What must be labeled
- Determining origin
- Compliance
- Enforcement

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## Country of Origin Labeling

### Legal Authority

- Provision of the 2002 U.S. Farm Bill
- Amended by the Fiscal Year 2002 Supplemental Appropriations Act

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## Provisions of the Law

### Key Components

- §284(b) Directs USDA to publish regulations by September 30, 2004
- §285 Applies to retail sales beginning September 30, 2004
- §283 Provides USDA with enforcement authority
- §282(f) Precludes USDA from using a mandatory identification system to verify country of origin

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## Provisions of the Law

### Consumer Notification

- §282(a) Requires country of origin labeling by **retailers** of covered commodities
- §282(a) Requires labeling by **retailers** of fish and shellfish products as either *wild* or *farm-raised*

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## Provisions of the Law

### Consumer Notification

- §282(c) Required country of origin labeling may be provided by a label, stamp, mark, placard or other clear and visible sign at the final point of sale

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## Current Thinking for Regulation

### Consumer Notification

- Label or notice must:
  - Be legible
  - Be in English
  - Not obscure other required information

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## Provisions of the Law

### Retailer

- §281 Has meaning given in Perishable Agricultural Commodities Act (PACA) – a business engaged in the selling of fresh and frozen fruits and vegetables at retail with an annual invoice value of more than \$230,000
- §282(b) Exempts food service establishments

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## Current Thinking for Regulation

### Retail Labeling

- USDA would identify retailers through PACA licenses
- Approximately 4,200 licensees (31,000 stores)
- PACA definition excludes butcher shops, fish markets, and exporters

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## Provisions of the Law

### Covered Commodities

- §281 Beef – muscle cuts and ground
- §281 Pork – muscle cuts and ground
- §281 Lamb – muscle cuts and ground

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## Provisions of the Law

### Covered Commodities

- §281 Farm-raised fish and shellfish – includes fillets, steaks, and nuggets
- §281 Wild fish and shellfish – means naturally-born or hatchery-raised and harvested in the wild; includes fillets, steaks, and nuggets; and excludes net-pen aquacultural

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## Provisions of the Law

### Covered Commodities

- §281 A perishable agricultural commodity – fresh and frozen fruits and vegetables as defined in PACA
- §281 Peanuts

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## Provisions of the Law

### Exclusions

- §281 Covered commodities are excluded if an “ingredient in a processed food item”

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## Current Thinking for Regulation

### Excluded Covered Commodity

- Regulations would define “processed food item”
- Definition would use two alternative criteria

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## Current Thinking for Regulation

### Processed Food Item – Change of Identity

- A combination of ingredients that include a **covered commodity** but the **identity** of the processed food item is **different** from that of the covered commodity

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## Current Thinking for Regulation

### Processed Food Item

- Examples of covered commodities **excluded** because they are an **ingredient** in a processed food item with a different identity:
  - Salmon in sushi
  - Apple slices in a pie crust
  - Tenderloin in a ready-to-cook Beef Wellington
  - Peanuts in a candy bar

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## Current Thinking for Regulation

### Processed Food Item – Materially Changed

- A covered commodity that is materially changed

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## Current Thinking for Regulation

### Processed Food Item

- Examples of covered commodities **excluded** because they have been **materially changed**:
  - Cooked, cured, smoked, or restructured meat, fish, or shellfish
  - Ground meat with added ingredients (e.g., sausage)
  - Fruit juice
  - Peanut butter

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## Current Thinking for Regulation

### Covered Commodities Required to be Labeled

- Examples:
  - Solution-enhanced and seasoned pork loin
  - Bagged frozen shrimp
  - Bagged salad
  - Frozen peas and carrots
  - Canned roasted and salted peanuts

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## Provisions of the Law

### United States Country of Origin

- **§282(a) Beef, Lamb, and Pork:** Must be derived exclusively from animals **born, raised, and slaughtered** in the U.S.
  - Includes **beef** from animals born and raised in Alaska or Hawaii and transported for no more than 60 days through Canada to the U.S. for slaughter

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## Provisions of the Law

### United States Country of Origin

- **§282(a) Wild Fish and Shellfish:** Must be derived exclusively from fish or shellfish:
  - **Harvested** in U.S. waters, or by a U.S. flagged vessel; **and**
  - **Processed** in the U.S., or aboard a U.S. flagged vessel

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## Provisions of the Law

### United States Country of Origin

- **§282(a) Farm-raised Fish and Shellfish:** Must be derived exclusively from fish or shellfish **hatched, raised, harvested, and processed** in the U.S.

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## Provisions of the Law

### United States Country of Origin

- §282(a) Fresh and Frozen **Fruits and Vegetables, and Peanuts**: Must be exclusively produced in the U.S.

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## Current Thinking for Regulation

### Mixed Origin Product

- Products with an origin that includes production steps (e.g., born, raised, slaughtered) that occurred in more than one country, including the U.S.

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## Current Thinking for Regulation

### Mixed Origin Product – Examples

- Shrimp **harvested** in Mexico and **processed** in the U.S.
- Pork from animals **born** in Canada and **raised and slaughtered** in U.S.

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## Current Thinking for Regulation

### Labeling Mixed Origin Product – Examples

- Pork – Product of Canada, Raised and Slaughtered in United States, *or*
- Pork – Product of Canada, Raised and Processed in U.S.A.  
– Note: The term “Processed” may be used in lieu of “Slaughtered” for labeling

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## Current Thinking for Regulation

### Blended Products

- Different products of different origins that are combined for retail sales (e.g., salad mix)
- Like products of different origins that are combined for retail sales (e.g., ground beef)

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## Current Thinking for Regulation

### Labeling Blended Products

- If the constituents can be individually identified (e.g., salad mix), each constituent must be labeled
- If after blending, the constituents cannot be individually identified (e.g., a ground beef mixture), constituents must be labeled in order of their prominence by weight

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## Current Thinking for Regulation

### Labeling Blended Products- Examples:

- Salad mix – Lettuce, Product of U.S.A.; Tomatoes, Product of Mexico
- Ground beef – Product of Mexico, Raised and Slaughtered in U.S.A.; Product of U.S.A.; Product of Australia

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## Current Thinking for Regulation

### Labeling Imported Covered Commodities

- Origin would be determined by existing Federal law for products entering the U.S.
- Labeled in conformance with origin established at the time the product arrives at the U.S. port of entry

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## Current Thinking for Regulation

### Labeling Imported Covered Commodities – Examples:

- Imported salmon in consumer packages would retain the origin designation required at U.S. port of entry
- An imported beef carcass fabricated into retail cuts in the U.S. would retain the origin designation required at U.S. port of entry

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## Current Thinking for Regulation

### State and Regional Labeling

- Country of origin labeling permits labeling for marketing programs such as “*California Grown*,” “*Idaho Potatoes*,” or “*Iowa Pork*”
- But, country of origin labeling is also required

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## Provisions of the Law

### Information

- §282(d) Any person supplying a covered commodity to a retailer shall provide information to the retailer indicating the country of origin of the covered commodity

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## Current Thinking for Regulation

### Information

- Records can only be created by the person having first-hand knowledge of the country designation for each production step declared in the country of origin claim
- Retailers and their suppliers must maintain records that verify the country of origin of covered commodities

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## Current Thinking for Regulation

### Information

- The covered commodities beef, pork and lamb are produced from cattle, hogs and sheep, which are not covered commodities
- However, records substantiating claims for U.S. born and/or raised livestock would be necessary for the supplier (slaughterer) to provide required country of origin information to the retailer

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## Current Thinking for Regulation

### Credibility of Country Origin Claims

- Information must flow through the marketing chain to establish and ensure credible country of origin claims
- Creation and transfer of auditable records would provide the most effective mechanism to ensure credibility of the country of origin labeling program

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## Provisions of the Law

### Audit Verification

- §282(d) USDA may require that any person that prepares, stores, handles, or distributes a covered commodity for retail sale maintain a verifiable recordkeeping audit trail that would permit USDA to verify compliance

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## Current Thinking for Regulation

### Audit Verification

- Recordkeeping audit trail would provide chain of custody information, and
- Validate the country designation for production steps included in the origin claim
  - For example, records documenting where cattle were born, raised, and slaughtered

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## Current Thinking for Regulation

### Compliance

- Cooperative agreements would be sought with each State for retail compliance reviews
- USDA would coordinate the scheduling and determine procedures for reviews

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## Current Thinking for Regulation

### Compliance Review Process

- Routine compliance reviews would be initiated at the retail establishment
- The country of origin designation for the product under review would be verified back through marketing channels to verify the origin claim

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## Provisions of the Law

### Enforcement

- §283 Provides USDA with enforcement authority for retailers and other persons
- §283(a) Incorporates by reference §253, providing enforcement authority for packers or other persons

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## Provisions of the Law

### Enforcement

- §283(c) Retailers are subject to a fine of up to \$10,000 per offense for willful violations
- §283(a) Suppliers are subject to a fine of up to \$10,000 per offense for violations

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## Current Thinking for Regulation

### Enforcement

- Only USDA can initiate enforcement actions against regulated parties

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## Closing Remarks

- Regulations must be promulgated by September 30, 2004
- AMS is currently developing proposed regulations
- Your input is important

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## Country of Origin Labeling

**For More Information:  
[www.ams.usda.gov/cool](http://www.ams.usda.gov/cool)**

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