

If You Ever Needed A Reason

By Ron Bolze, RAAA Director of Commercial Marketing

I applaud the long time commercial users of Red Angus genetics that also have seen the vision and received the benefits of enrolling their cattle in the RAAA Feeder Cattle Certification Program (FCCP).



Though the final MCOOL ruling awaits the end of the 60 day comment period (September 30, 2008) and only time will reveal the impact of MCOOL on our industry, certainly this era of uncertainty is sufficient reason to get involved in the RAAA FCCP.

You have captured the increased value of cattle as a result of the three USDA approved claims through the FCCP including:

- 1) Genetics - Certified Red Angus calves, yearlings and fed cattle are known nationwide as "Red Angus" and not just red hided resulting in buyer confidence about feedyard performance and carcass merit.
- 2) Source to the ranch/farm of origin for potential trace back purposes (though this has never been an issue) and enhanced carcass value for export purposes.
- 3) Age verification (since September, 2006) resulting in significant carcass premiums from packers exporting product to Japan and additional foreign trading partners.

However, if you have not yet seen the light; if there was ever a time and/or if you ever needed a reason to use the "yellow" tag, it is now. It is certainly an understatement to say that our industry is currently characterized by constant change and unpredictable market forces. It seems as though the only constant is constant change.

CattleFax "State of the Industry" (July 31, 2008) cites:

Costs are skyrocketing, market volatility and price swings are intensifying and meat exports are advancing at a brisk pace.

The beef cow herd continues to contract and is expected to contract further during the next two to three years.

Beef production is forecast to be near 26.8 billion pounds in 2008, the second highest total in history.

The cost to put on a pound of gain in the feedlot has more than doubled in the last few years.

Cow/calf profitability is still positive, but is shrinking due to increased costs of production.

Access to the necessary capital to operate and be able to manage cost and price risk is a major obstacle for many in the industry.

Further industry downsizing and concentration will be seen as the industry adjusts to a contracting cow herd and the resulting smaller feeder supply and fed cattle marketings.

All of these factors have contributed to perhaps one of the most uncertain times in our industry. Now enter Mandatory Country of Origin Labeling (MCOOL). According to CattleFax Brett Stuart (July 31, 2008 edition) the much-discussed and previously-delayed MCOOL was finalized and posted to the Federal Register the

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last week of July, putting the law into motion. The comment period is still open, but the law will go into effect on September 30, 2008. The rule that was posted at that time has been amended as part of the 2008 Farm Bill. Packers and other retail suppliers of beef will be required by law to provide the origin country of the product they are selling to retailers. Beef sold through the restaurant/fast food segments is exempt from the law.

As far as verifying origin for cattle, the published MCOOL rule explains:

- Producer affidavits (**RAAA FCCP enrollment**) may be used to verify origin. They must be from someone with firsthand knowledge of the source of the cattle.
- Animals marked under a national ID system will qualify for source of origin. This includes Canadian or Mexican cattle with tags or the CAN or M brand. Since all animals must be sourced, these brands only source Canadian/Mexican cattle. The lack of a CAN/M brand will not source U.S. cattle. U.S. cattle must have their own verification (**RAAA FCCP enrollment**).
- U.S. cattle must prove origin through affidavits (**RAAA FCCP enrollment**) or by bearing tags approved under USDA's NAIS (National Animal ID System) program. Producers with a registered premise ID that tag with NAIS tags will not need to provide affidavits. (**NAIS premise identification is not necessary to participate in the RAAA FCCP**).
- According to Jim Riva, chief of USDA's audit, review and compliance branch, participation in USDA Quality System

Verification Programs that contain a source-verification component can also be used to substantiate COOL claims. (**RAAA FCCP enrollment**).

The retail labeling categories remain the same as previously published:

1. Product of the U.S. includes beef from cattle born, raised, slaughtered in the U.S.
2. Multiple Countries-of-Origin includes beef from cattle born in the U.S. or Canada or Mexico, and fed and slaughtered in the U.S.
3. Cattle Imported for Immediate Slaughter includes beef from cattle born and raised in Canada and slaughtered in the U.S. Must be labeled as Product of Canada and the U.S. (Canada must be the first country on the label)
4. Imported beef includes beef from country A, and/or country B, and/or country C.

Example: If I buy Canadian feeder cattle and U.S. feeder cattle, I can mix them or keep them separate. However, when I sell them I must be able to verify the origin of the cattle. This may involve sorting into origins prior to slaughter. The packer may require "straight" origin loads if they will be processed for U.S.-only labeling. Or, I may be able to sell co-mingled loads, as long as they are destined for a "multiple countries of origin" label. Since the Canadian cattle will carry a "CAN" brand and will come with a tag, I will not need to verify their origin. However, I may need to present the affidavit (**RAAA FCCP enrollment**) I received when I purchased the U.S. cattle.

If I purchase U.S.-only cattle, I



would need to receive an affidavit (**RAAA FCCP enrollment**) signed by the selling producer or, if the calves have NAIS tags, I would not need anything from the seller.

The real question of discounts on imported cattle will not be resolved until retailers state their labeling intentions, and price accordingly. The American Meat Institute (AMI) unveiled an updated country-of-origin labeling (COOL) Website. The new site (www.countryoforiginlabel.org/) reflects changes included in the recently passed 2008 Farm Bill. Mandatory COOL takes effect 30 September. As part of AMI's continued efforts to provide the most current information about the law's requirements, the Web site contains a "Frequently Asked Questions" section where meat and poultry companies and the public may submit questions about implementation of the law.

Though the final MCOOL ruling awaits the end of the 60 day comment period (September 30, 2008) and only time will reveal the impact of MCOOL on our industry, certainly this era of uncertainty is sufficient reason to get involved in the RAAA FCCP. We have the tags. Make the call (940 387 3502). Ask for Mikalena or Ann. ■