

**Deadline Extended to February 21**

**Retailers, Wholesalers Need to Make Their Voices Heard  
On Country of Origin Labeling Program's Recordkeeping Requirements**

The U.S. Department of Agriculture's Agricultural Marketing Service has requested emergency approval from the Office of Management and Budget for the recordkeeping system to accompany its Interim Voluntary Country of Origin Labeling guidelines. As N.G.A. has reported, **these voluntary guidelines have taken an approach that is unfair and burdensome to the retail grocery industry, especially to independent retailers and wholesalers.**

The recordkeeping requirements are for the voluntary program, which itself is a trial run for the mandatory country of origin labeling program due to take effect September 30, 2004. Among other things, this recordkeeping requirement would **force retailers to keep two-years worth of records at the point of sale on every covered product -- fresh and frozen muscle cuts of beef, veal, lamb, pork and fish, fresh and frozen fruits and vegetables, and peanuts — that indicate their country of origin.**

**Your action is needed immediately. Comments on the emergency approval request are due by Tuesday, January 21.** Sample letters can be downloaded from this website – see below. You can submit your letter to USDA by e-mailing it to [cool@usda.gov](mailto:cool@usda.gov); be sure to include your name and address. You should emphasize these main points:

- **Emergency approval of this request is unwarranted**, because USDA has not spelled out specifically what records and storage systems would be required;
- **This requirement is fundamentally anti-small business** – independent retailers and wholesalers will face disproportionately higher compliance costs compared to their larger competitors;
- **USDA has drastically underestimated the cost burden** this requirement would place on retailers — AMS estimated the cost at \$628 million per year for retailers, and even that is too low;
- **It is imperative that USDA receive more input from retailers** on the recordkeeping system before addressing the mandatory country of origin labeling program; and
- **USDA has already said it would not enforce the voluntary guidelines**, making an emergency approval of the recordkeeping system unnecessary.

N.G.A. recently surveyed members regarding the country of origin labeling requirements. The survey covered more than 8,000 stores, and the results showed that the additional costs imposed by these recordkeeping requirements could be devastating to many independent retailers. The overwhelming majority of retailers do not keep records at store level as the guidelines require. As one respondent put it: "Requiring two years of records will require an extra building to store paperwork."

In general, the voluntary – soon to be mandatory – country of origin labeling guidelines provide a framework for a system that will shift costs and burdens to retailers that will be reflected in consumer prices, while providing no increase in food safety. Proponents of country of origin labeling sold the plan to Congress by saying it would improve the safety of the food supply and "give more information to consumers." **But what this is really about is domestic agricultural producers seeking to discredit their foreign competitors and using fears of terrorist activity to their own advantage – and leaving independent retailers and wholesalers, as well as consumers, to pay the bill.** Furthermore, it is shameful that certain groups have taken political advantage of the Sept. 11, 2001 attacks on America to achieve private gain.

**N.G.A. will work aggressively in 2003 to rescind country of origin labeling, letting Congress and**

**USDA know that excessive implementation and compliance costs must not be imposed on independent grocers and their wholesalers. We believe it is also imperative that any labeling program must make producers and suppliers responsible for verifying and certifying the country of origin.**

The voluntary guidelines as well as an explanatory Q&A and additional information from the Agricultural Marketing Service are available for download on AMS' website at: <http://www.ams.usda.gov/cool/>. If you have questions or comments, please do not hesitate to contact Mike Mason, N.G.A. Director of Public Affairs, at (703) 516-0700 or by e-mail at [mmason@nationalgrocers.org](mailto:mmason@nationalgrocers.org).

## **SAMPLE RETAILER LETTER**

January 21, 2003

Country of Origin Labeling Program  
Agricultural Marketing Service, USDA  
Stop 0249, Room 2092-S  
1400 Independence Ave., SW  
Washington, D.C. 20250-0249

Office of Management and Budget  
New Executive Office Building  
725 17th Street, NW., Room 725  
Washington, DC 20503  
Attention: Desk Officer

Clearance Officer, USDA-OCIO  
Room 404-W, Jamie L. Whitten Building, Stop 7602  
400 Independence Avenue, SW.  
Washington, DC 20250-7602

Docket Number LS-02-13, Establishment of Guidelines for the Interim Voluntary Country of Origin Labeling of Beef, Lamb, Pork, Fish, Perishable Agricultural Commodities, and Peanuts Under the Authority of the Agricultural Marketing Act of 1946.

To Whom It May Concern:

As a retailer covered by the United States Department of Agriculture's voluntary guidelines, I welcome the opportunity to provide AMS with my comments opposing the costly, burdensome recordkeeping system that is proposed as part of the voluntary and mandatory country of origin labeling program. I oppose AMS' request for emergency approval for the recordkeeping system.

I do not believe that emergency approval of this recordkeeping system is warranted. Too many questions have not been answered. Are we required to keep records for two years under a voluntary program if a supplier, who is outside of our control, labels the product with the country of origin? Should I be required to keep records when USDA has not clearly stated in the guidelines what is required, and has invited retailers to suggest ways to maintain and minimize the burdens? Clearly, USDA has not set out what is required and any recordkeeping beyond what we do in our normal course of business is unnecessary. Furthermore, the agency has stated that it will not perform compliance visits pursuant to Public Law 107-171, and has no authority under the law to pursue enforcement action against entities participating in the voluntary program.

The tremendous documentation burden that will be imposed on retailers and wholesalers is of far greater scale than AMS has estimated at \$628 million for retailers and \$340 million for foodhandlers, such as wholesalers. The estimate of one hour per day as the time required to generate and maintain the required records is wholly inadequate. Consider that a typical supermarket has more than 500 covered items in stock year round that turns daily in inventory, and you begin to see the magnitude of the burden imposed by these requirements. AMS estimates \$62 million in industry-wide start-up costs – itself a shockingly large amount for imposing a new mandated recordkeeping burden, but still too low. Under the guidelines, retailers must have records at the place of final sale that identify the country of origin of all covered commodities sold at that facility going back two years. This is a massive requirement, which will entail new infrastructure and significant employee time.

Clearly, it is imperative that AMS, before even addressing mandatory country of origin labeling recordkeeping, should receive public comments from retailers and wholesalers. Such extensive recordkeeping requirements for two years, coupled with specifications for documents and procedures that are unspecified, will only make a bad situation worse for retailers like me.

It is important to emphasize again that these requirements will raise costs for the industry and consumers far beyond USDA estimates. In general, the voluntary – soon to be mandatory – country of origin labeling guidelines provide a framework for a system that will shift costs and burdens to retailers that will be reflected in consumer prices, while providing no increase in food safety. In cooperation with federal agencies, retailers and wholesalers already are able to rapidly recall products for food safety reasons. There is no reason to believe that this additional layer of complex and burdensome requirements for country of origin labeling will improve food safety to any appreciable degree. What this is really about is domestic agricultural producers seeking to discredit their foreign competitors and using fears of terrorist activity to their own advantage – and leaving independent retailers and wholesalers, as well as consumers, to pay the bill.

In conclusion, I urge OMB to deny the approval for emergency recordkeeping and AMS to eliminate its recordkeeping requirements under the voluntary guidelines so an excessive burden is not placed on my business and the rest of the American food distribution industry.

Sincerely,

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## **SAMPLE WHOLESALER LETTER**

January 21, 2003

Country of Origin Labeling Program  
Agricultural Marketing Service, USDA  
Stop 0249, Room 2092-S  
1400 Independence Ave., SW  
Washington, D.C. 20250-0249

Office of Management and Budget  
New Executive Office Building  
725 17th Street, NW., Room 725  
Washington, DC 20503  
Attention: Desk Officer

Clearance Officer, USDA-OCIO  
Room 404-W, Jamie L. Whitten Building, Stop 7602  
400 Independence Avenue, SW.

Docket Number LS-02-13, Establishment of Guidelines for the Interim Voluntary Country of Origin Labeling of Beef, Lamb, Pork, Fish, Perishable Agricultural Commodities, and Peanuts Under the Authority of the Agricultural Marketing Act of 1946.

To Whom It May Concern:

As a wholesaler (food handler) covered by the United States Department of Agriculture's voluntary guidelines, I welcome the opportunity to provide AMS with my comments opposing the costly, burdensome recordkeeping system that is proposed as part of the voluntary and mandatory country of origin labeling program. I oppose AMS' request for emergency approval for the recordkeeping system.

I do not believe that emergency approval of this recordkeeping system is warranted. Too many questions have not been answered. Are we required to keep records for two years under a voluntary program if a supplier, who is outside of our control, labels the product with the country of origin? Should I and our retailers be required to keep records when USDA has not clearly stated in the guidelines what is required, and has invited retailers and wholesalers to suggest ways to maintain and minimize the burdens? Clearly, USDA has not set out what is required and any recordkeeping beyond what we do in our normal course of business is unnecessary. Furthermore, the agency has stated that it will not perform compliance visits pursuant to Public Law 107-171, and has no authority under the law to pursue enforcement action against entities participating in the voluntary program.

The tremendous documentation burden that will be imposed on retailers and wholesalers is of far greater scale than AMS has estimated at \$628 million for retailers and \$340 million for food handlers, such as wholesalers. For wholesalers, AMS estimates two days to develop a recordkeeping system and one hour per week to generate and maintain the records. USDA clearly underestimates and misses the mark. Many, if not most grocery wholesalers, serve hundreds of retailers with thousands of covered commodities, which could require more than 40 hours per week to maintain. Further, USDA does not include the costs to revise and establish computer programs.

For our retailers, the estimate of one hour per day as the time required to generate and maintain the required records is wholly inadequate. Consider that a typical supermarket that we supply has more than 500 covered items in stock year round that turns daily in inventory, and you begin to see the magnitude of the burden imposed by these requirements. AMS estimates \$62 million in industry-wide start-up costs – itself a shockingly large amount for imposing a new mandated recordkeeping burden, but still too low. Under the guidelines, retailers must have records at the place of final sale that identify the country of origin of all covered commodities sold at that facility going back two years. This is a massive requirement, which will entail new infrastructure and significant employee time.

Clearly, it is imperative that AMS, before even addressing mandatory country of origin labeling recordkeeping, should receive public comments from retailers and wholesalers. Such extensive recordkeeping requirements for two years, coupled with specifications for documents and procedures that are unspecified, will only make a bad situation worse for retailers like me.

It is important to emphasize again that these requirements will raise costs for the industry and consumers far beyond USDA estimates. In general, the voluntary – soon to be mandatory – country of origin labeling guidelines provide a framework for a system that will shift costs and burdens to retailers, wholesalers and the rest of the industry that will be

reflected in consumer prices, while providing no increase in food safety. The information that wholesalers and retailers would be required to maintain will ultimately prove of little practical utility. In cooperation with federal agencies, retailers and wholesalers already are able to rapidly recall products for food safety reasons. There is no reason to believe that this additional layer of complex and burdensome requirements for country of origin labeling will improve food safety to any appreciable degree. What this is really about is domestic agricultural producers seeking to discredit their foreign competitors and using fears of terrorist activity to their own advantage – and leaving independent retailers and wholesalers, as well as consumers, to pay the bill.

In conclusion, I urge OMB to deny the approval for emergency recordkeeping and AMS to eliminate its recordkeeping requirements under the voluntary guidelines so an excessive burden is not placed on my business and the rest of the American food distribution industry.

Sincerely,

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NOTE: Access news releases and other information at the **FSIS** web site at <http://www.fsis.usda.gov>.

If you have questions or need additional information, contact Tom Wenning at [publicaffairs@nationalgrocers.org](mailto:publicaffairs@nationalgrocers.org).

Would you prefer to receive Action and Recall Alerts via e-mail? E-mail us at [publicaffairs@nationalgrocers.org](mailto:publicaffairs@nationalgrocers.org).

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