RE: Mandatory country of origin labeling

To whom it may concern,

This is another example of idiotic regulations and red tape that food producers and processors have to endure.

I am a hog producer from Minnesota. The cost of this program will trickle down to my bottom line!!!

Thank you

Mr. Larry Paul
45998 180th St.
Easton, MN 56025

P.S. I am enclosing a letter from my hog buyer.

Hormel Foods

DKP3

Corporate Office

Hormel Foods Corporation
1 Hormel Place
Austin MN 55912-3680

January 15, 2003

To: All Pork Producers that sell hogs to Hormel Foods

Re: Hormel Foods Policy on Country of Origin Labeling

Many of you have heard by now that federal legislation passed authorizing Country of Origin Labeling (COOL) as part of the farm bill. COOL went into the voluntary phase on October 11, 2002 allowing participation if desired. On September 30, 2004 this law will become **mandatory** and affect everyone in the pork chain.

This law requires retailers to label every package of fresh pork with its country of origin. In other words, where the animal was born, raised and processed must be labeled on each package in the retail case. This law also includes a civil penalty of not more than a $10,000 fine on the retailer for any mislabeled pork. For this reason, the USDA will require a third-party verified audit trail documenting where the package originates. This means documentation that is approved by a third-party auditor will be required from each pork producer proving where the animals were born and raised. Hormel Foods will then have to tie the production data trail with the plant information documenting where the pork in the package was born, raised and processed. Retailers are ultimately responsible for labeling, but the required audit trail must go back to the farm. Therefore, the $10,000 fine will be levied down the pork chain.

After reviewing the Country of Origin Labeling law Hormel Foods has determined that several hog procurement policies need to be implemented in order to comply with the requirements. They are as follows:

1. Hormel Foods, per the Country of Origin Labeling law, will require (from the producer) third-party verified documentation (audit trail) proving where the animals purchased were born and raised.
2. Producers will have to sign a legal affidavit with each load of hogs stating that there is a third-party verified audit trail in place and identifies the origin of the hogs on each load.
3. Hormel Foods will perform random producer audits verifying that an accurate audit trail is in place that will comply with Country of Origin and that it has been approved by a USDA certified third-party.
4. If Hormel Foods is issued a fine or penalty resulting from producer noncompliance that fine will be assessed to the party responsible.

There is still much to learn about COOL before the September 2004 mandatory deadline, but we thought we would share these policies sooner rather than later to allow more time to comply. More policies may be necessary down the road as we continue to investigate and research what will be required.

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Because of the large variety of pork items (over 3,500) that Hormel Foods manufactures, tracking packages that are both U.S. and Canadian origin will be extremely difficult. COOL, for example, requires labeling a package of ground pork with the percentages of U.S. and Canadian product so a package may read 78% born and raised in the U.S. and 22% born and raised in Canada, processed in the United States. Research is currently being done at Hormel Foods to fully understand if product segregation is feasible to this level. Other challenges will include keeping Canadian hogs separate in the holding yards, keeping the raw materials separate across the cut floor and all the way through the process into a properly labeled package. There will also be considerable expense related to clean up and downtime between running U.S. and Canadian products. Hormel Foods will also be required to maintain an extensive audit trail that links the package through each step of the process all the way back to the farm through the required producer documentation.

COOL language states third-party verified documentation will be required to prove the origin of pork that is in the package. At this time, no one knows who will qualify as this "third party verifier" or what the "documentation /audit trail" will consist of. It is our opinion today, that the vast majority of hog producers will not come close to complying with what is required under COOL with their current record keeping systems. It is our belief that this will only be accomplished in a couple of ways. The first would be the use of individual animal identification (i.e. electronic ear tags) to track individual hogs from the sow to the plant. The second would be an extensive record keeping system that allows the tracking of a group of animals with a group ID. Either system will require that all hogs delivered to the plant have documentation showing where they were born and what nursery and finisher locations the hogs were raised in. Documentation back to the sow farm will also be required and will probably include an audit trail back to the individual sow that farrowed the pig. If you are purchasing feeder pigs or weaned pigs then the bill of sale as well as the audit trail from the previous owner through his process back to the sow in the farrowing unit documenting the origin will be required. If you are purchasing weaned pigs or feeder pigs, then our suggestion will be that you periodically audit your supplier to assure compliance with COOL guidelines.

Exactly what will be required from everyone in the pork chain in order to comply with the Country of Origin law is still yet to be determined. Hormel Foods will try to keep you posted of further developments, but we also recommend that you stay in close contact with your state and national trade associations on this issue. The USDA web-site www.ams.usda.gov/cool/ has more information that I would encourage you to review. The USDA is still taking comments until April 9, 2003 if you would like to provide any feedback to them it can be done on their web-site.

It is important that we work together on this very difficult issue so that we are all prepared for the 2004 mandatory deadline. Please contact your regional Procurement Managers, Cory Bollum - Austin (507) 437-5203, Dean Seeck - Fremont (507) 437-5208, Doug England - Illinois (815) 562-3418, with any questions.

Brian Stevens
Manager of Pork Procurement