

COUNTRY OF ORIGIN LABELING AGREEMENT

Item 1. Country of Origin Label: Defines MEAT products into four categories:

Label 1: No change to current law:

U.S. Country of Origin applies to only meat products derived from animals born, raised, and slaughtered in the U.S.

Label 2: New provision:

Mixed Origin Meat Label would include products that are derived from animals that are not exclusively born, raised, and slaughtered in the U.S. Product may be labeled as "Product of the U.S. and Country X or Y or Z"

Label 3: New provision:

Imported for Immediate Slaughter applies to meat products derived from animals that are imported into the U.S. for direct slaughter. Product must be labeled "Product of Country X or Y or Z and the U.S."

Label 4: Revision of existing law:

Imported Meat Label includes all covered meat commodities from foreign countries. Label may include the phrase "Product of X".

Item 2. Labeling for ground product:

Ground Product may be labeled with a narrative list of countries from which the product was derived. Label may include the phrase "May contain" followed by a list of applicable countries.

Item 3. Recordkeeping to verification/certification of origin:

Grandfather provision for live animals and product in commerce in the United States prior to January 1, 2008, shall be deemed to be U.S. origin.

Item 4. Fines & Liability:

Penalties shall be included for continuous willful violations.

Item 5. Prohibition on use of Mandatory ID to verify origin:

Retains current law

Requires the Secretary to submit a report to Congress with the results of a review of each State meat and/or poultry inspection program. Such review will include a determination of the effectiveness of the program, and an identification of the changes necessary for the program to meet and enforce Federal inspection standards.

Amends the Federal Meat Inspection Act (FMIA) and the Poultry Products Inspection Act (PPIA), respectively, with regard to State inspection programs. Authorizes the Secretary to approve a State to ship product inspected under such State's inspection program in interstate commerce, if such State inspection program has implemented identical requirements to those contained in the FMIA and/or PPIA (as appropriate) and Federal regulations under such statutes.

Provides requirements for new State inspection programs, including that the Secretary shall review all new State inspection programs within one year after such State inspection program was approved. Upon such review, the State inspection program must implement all recommendations from the review.

Provides that a State inspection program will operate subject to a cooperative agreement with the Secretary, and establishes the terms of such cooperative agreement, including: State must adopt requirements identical to Federal inspection requirements; State mark of inspection will be deemed an official mark; State will comply with labeling requirements issued by the Secretary; Secretary will have authority to detain and seize products under the State program; Secretary will have access to facilities and records of State program; and other provisions as determined by the Secretary.

Provides that the Secretary shall reimburse a State for not more than 50 percent of the State's costs for the State meat inspection program, and not more than 60 percent of the State's costs for the State poultry inspection program.

Requires the Secretary to take action if the Secretary determines that a State inspection program is not in compliance with the cooperative agreement, including suspending or revoking the approval of the State inspection program. Authorizes the Secretary to institute Federal inspection at a State-inspected plant if the Secretary determines that such State plant is not operating in accordance with the cooperative agreement and requirements herein.

Requires the Secretary to conduct annual review of each State inspection program.

Provides that no State may prohibit or restrict the movement or sale of meat or poultry products that have been inspected and passed in accordance with this section.

SEC. 11104. COUNTRY OF ORIGIN LABELING.

Amends subtitle D of the Agricultural Marketing Act of 1946 to include meat products from goats.

Amends the same to provide country of origin labeling requirements for beef, lamb, pork and goat, providing for products that are of United States country of origin, multiple countries of origin, imported for immediate slaughter, and of foreign country of origin. Provides that for ground beef, pork, and lamb, the country of origin notice list all countries of origin of such product or all reasonably possible countries of origin of such product.

Authorizes the Secretary to conduct audits to verify compliance with this section. Prohibits the Secretary from requiring a person or entity to maintain a record of the country of origin of covered commodities, other than those maintained in the course of the normal conduct of business of such person or entity. Authorizes the Secretary to fine violators in some circumstances, with such fines not more than \$1,000 for each violation.

tion Agency in studying the feasibility and advisability of approving higher levels of ethanol blends for use in motor vehicles.

TITLE X—LIVESTOCK

Country of Origin Labeling

Mandatory country of origin labeling for meat, meat products, fruits, vegetables, fish, and peanuts was first enacted in the FSRIA of 2002 (P.L. 107-171) in an effort to provide consumers with additional information regarding the country of origin of certain covered commodities. To resolve issues involving implementation and to provide further direction to the Department of Agriculture, this legislation would provide clarifications to the existing program relating to multiple countries of origin, and livestock intended for immediate slaughter. Clarifications were also provided for labeling of ground meat.

Agricultural Fair Practices

It was brought to the attention of the Committee that some producers have alleged that firms have discriminated against them for working to form an association of producers, particularly in the poultry industry. Concerns have also been raised that the disclaimer clause in section 5 of the Agricultural Fair Practices Act has made it difficult for the Department of Agriculture to effectively enforce it. The disclaimer clause potentially allowed handlers to forego doing business with an association of producers. The additions and modifications in this Act ensure that a producer that forms an association of producers is fully covered under the Act. It also removes section 5 of the Act and requires the Secretary of Agriculture to define through rulemaking what is considered to be reasonable standards for normal dealing between a handler and association of producers. It also adds a requirement that handlers bargain in good faith with an association of producers. This is important because in the past, producers in some instances have been interpreted to be merchants under the uniform commercial code. The uniform commercial code does not require merchants to bargain in good faith with other merchants.

Special Counsel for Agricultural Competition

The legislation would designate a special counsel for agricultural competition. The special counsel will be equivalent to an Under Secretary and report to the Secretary. The special counsel will provide twice each year a report to Congress that details the Department of Agriculture's enforcement activities of the Packers and Stockyards Act and Agricultural Fair Practices Act.

Arbitration

Witnesses at a Committee hearing on April 18, 2007, raised several concerns with having arbitration as the sole dispute resolution option for producers. The costs associated with arbitration can easily total \$20,000 or more depending on the case. The Department of Agriculture has also raised concerns about the increased use of arbitration in livestock and poultry contracts. In response, the Committee makes arbitration in livestock and poultry contracts voluntary. Both parties may utilize arbitration, if, after the conflict arises, both parties agree to its use. This concept of making arbitration voluntary is not new to Congress as similar language was

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The Managers intend that nothing in this section be interpreted to reduce funding or the level of inspection for meat, poultry and egg products. The Managers expect the Secretary to budget accordingly each year for catfish inspection. The Managers expect the Secretary, in approving any petition for voluntary, fee-based grading services for any additional farm-raised fish or farm-raised shellfish species, to make any resulting service available only on a facility by facility basis.

(3) Country of origin labeling

The House bill amends the Agricultural Marketing Act of 1946 to provide new country of origin labeling requirements for beef, lamb, pork and goat. It amends the list of covered commodities to include goat meat. The provision specifies labeling requirements for products that are of United States country of origin, multiple countries of origin, imported for immediate slaughter, and from a foreign country of origin. To be eligible for U.S. country of origin, the product must be derived from an animal that was exclusively born, raised, and slaughtered in the U.S. (with a narrow exception for animals from Alaska or Hawaii and transported through Canada), or present in the U.S. on or before January 1, 2008. The House provision authorizes the Secretary to conduct audits to verify compliance with this section. It prohibits the Secretary from requiring a person or entity to maintain a record of the country of origin of covered commodities, other than those maintained in the course of the normal conduct of business of such person or entity. The House bill amends section 283 to clarify that a retailer or person engaged in the business of supplying a covered commodity to a retailer notified of a violation will be provided 30 days to come into compliance with the law. It provides that if such person does not make a good faith effort to comply, and continues to willfully violate the law, the Secretary may fine the person in an amount up to \$1,000 for each violation. (Section 11104)

The Senate amendment is similar to the House language but has several modifications. It amends the list of covered commodities to include goat meat, macadamia nuts and chicken. In addition to House language, Senate adds language to U.S. country of origin labeling category to require that animals present in the United States on or before January 1, 2008, and once present in the United States, must have remained continuously in the United States. In addition to House language regarding multiple countries of origin, Senate adds disclaimer under subsection (B) to clarify that labeling for multiple countries of origin is a mandatory requirement. (Section 10003)

The Conference substitute adopts the Senate provision with an amendment to add ginseng and pecans as covered commodities. Covered commodities, such as beef, lamb, pork, chicken, or goat present in the United States on or before July 15, 2008 will be labeled as product of the United States. The Managers reinstate current law regarding the labeling of processed wild fish to include locations such as aboard a vessel that is documented under chapter 121 of title 46, United States Code, or registered in the United States. (Section 11002)

(4) Definitions