



June 8, 2007

Dear Meat Industry Partner,

As you are undoubtedly aware, the Agricultural Marketing Act of 1946, as amended by the 2002 Farm Bill, requires retailers to provide country of origin information for specified beef, pork and lamb products beginning September 30, 2008. Despite our efforts to replace this burdensome program with a more workable, market-driven approach, the law is still scheduled to take effect in less than 16 months. The country of origin declaration that our members will be required to make as of September 30, 2008 is tied to the location of the animals that are now being born and raised. Thus, in the absence of clear regulatory guidance from the U.S. Department of Agriculture (USDA), our members have asked for our advice on the steps that they should take to prepare to comply.

Accordingly, based on our interpretation of the law and our experience with seafood COL implementation, we are recommending that our members consider the following, although each retailer will, of course, need to decide independently how best to work with its suppliers:

**Stickers/Signs.** *Asking suppliers to provide country of origin information (stickers or placards) that the retailer can utilize to satisfy the retailer's store level labeling obligation with each covered commodity shipment sent to the retailer.* Information directly from those who have firsthand knowledge of the country of origin of the products will increase the accuracy of the information provided to consumers, which is required by law.

**Records.** *Asking suppliers to include documentation with each shipment in the form of a laminated card or other suitable format that the retailer can use to meet the store level recordkeeping obligations.* USDA's seafood COL regulations require retailers to maintain records at store level and we have every expectation that USDA will require store level recordkeeping for all other covered commodities if the law goes into effect unchanged. Many of FMI's members currently ask their seafood suppliers to provide a record suitable for store level maintenance to satisfy this legal requirement.

**Audits.** *Asking suppliers to provide the results of an audit conducted by USDA or another independent third party to establish that the necessary systems are in place to ensure the accuracy of the country of origin information provided.* Retailers are required to make a declaration, subject to penalties, about which they have no firsthand knowledge. Our experience with the seafood COL program is that retailers are the ones who are most likely to be inspected and, therefore, subject to fines. Accordingly, we recommend that retailers take steps to ensure that the information they are required to provide is as accurate as possible.

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**Indemnification.** *Asking suppliers to indemnify the retailer for any fines and any other costs (including attorneys' fees) that the retailer may incur as a result of the country of origin information that the supplier provides or fails to provide.* As noted above, our experience with seafood COL implementation indicates that retailers are most likely to be inspected and, therefore, most likely to be fined. Accordingly, we recommend that retailers take steps to protect themselves from costs properly borne by their suppliers.

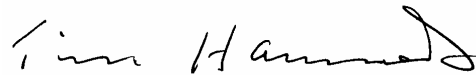
In addition, since the animals that will yield the covered commodities at issue are or soon will be in their production lifecycle, we have recommended that retailers ask their suppliers to provide *immediate* written confirmation of the following:

1. They and their suppliers are now documenting the identity and locations of any animals, including cattle, hogs and lambs, that will yield covered commodities that will be sold as of September 30, 2008 and that such documentation will occur throughout each animal's lifecycle; and
2. They intend to comply with the provisions regarding signage, recordkeeping, audits and indemnification.

\* \* \*

Please do not hesitate to contact Deborah White, FMI's Vice President and Associate General Counsel, if you have any questions regarding this matter.

Sincerely,



Tim Hammonds

Recipients:

American Farm Bureau Federation  
American Meat Institute  
National Cattlemen's Beef Association  
National Farmers Union  
National Meat Association  
National Pork Producers Council  
R-Calf USA

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