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Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

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Market Report	Yr Ago	4 Wks Ago	5/16/03
Livestock and Products, Average Prices for Week Ending			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt	$66.89	$79.54	$79.99
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt	87.75	90.50	91.00
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg	95.39	95.90	93.94
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt	106.57	124.41	129.49
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt	37.00	36.00	44.75
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd	*	38.50	*
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt	*	97.09	107.17
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt	67.85	90.25	109.25
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt	145.15	192.44	194.96
Crops, Cash Truck Prices for Date Shown			
Wheat, No. 1, H.W. Omaha, bu	2.89	3.45	3.67
Corn, No. 2, Yellow Omaha, bu	1.95	2.35	2.42
Soybeans, No. 1, Yellow Omaha, bu	4.78	6.11	6.31
Grain Sorghum, No. 2, Yellow Kansas City, cwt	3.50	4.26	4.18
Oats, No. 2, Heavy Minneapolis, MN , bu	2.13	1.90	1.85
Hay, First Day of Week Pile Prices			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton	105.00	150.00	125.00
Alfalfa, Lg. Round, Good Northeast Nebraska, ton	60.00	75.00	80.00
Prairie, Sm. Square, Good Northeast Nebraska, ton	90.00	117.50	117.50

* No market.

The ongoing debate over mandatory country-of-origin labeling (COOL) continues, despite COOL being passed as part of the 2002 Farm Bill and plans for it to become a mandatory program on September 30, 2004. As the discussion surrounding COOL intensifies, it is clear that there is still much contention regarding implementation of the mandatory COOL provisions.

On May 8, 2003 USDA's Agricultural Marketing Service (USDA-AMS) held the fifth of twelve scheduled listening sessions at the University of Nebraska-Kearney. The listening session gave interested parties the opportunity to provide USDA-AMS with their input on COOL. More than 400 people showed up for the standing-room only listening session. Beef and pork producers, processors and retailers from Nebraska, Kansas, Colorado, South Dakota, Texas, Washington, D.C. and elsewhere represented all sectors of the industries affected by COOL.

The session began with introductory comments by USDA-AMS Administrator A.J. Yates, who indicated there would be two sections to the USDA-AMS's Informational Session, which preceded the Listening Session. The first portion of the presentation was devoted to an overview of the COOL law. This was followed by USDA-AMS's "current thinking" or interpretation of the law, which Yates indicated are the only areas where input and recommendations are needed and changes can be made in the law "handed to us by Congress." After Administrator Yates' comments, William Sessions, Associate Deputy Administrator, USDA-AMS gave a presentation outlining who would be affected by COOL, what commodities were covered under COOL, how the country of origin of covered commodities would be determined, and compliance and enforcement of COOL. After the USDA-AMS's Informational Session, about 55 people testified, most representing an organization or trade association. Their remarks were typically prepared statements that centered around explaining and justifying their position on COOL. Individuals were

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allowed three minutes to make their statement.

Approximately forty-seven percent of the 55 individuals speaking appeared to support mandatory COOL. Individuals representing the Nebraska Farmer's Union, American and Nebraska Farm Bureau, Nebraska State Grange, Women Involved in Farm Economics (WIFE), the Center for Rural Affairs and other independent producers spoke in favor of the mandatory COOL law. A common reason mentioned in favor of COOL was the argument that consumers have the "right to know" where their food is coming from. Several proponents used the example that non-food products, such as clothing, already carry a label stating where it was manufactured.

Additionally, many of those in favor of the law stated the mandatory COOL regulations do not need to be as comprehensive and burdensome as the current USDA-AMS voluntary COOL guidelines. A common theme was that producers should be allowed to self-certify the origin of their livestock and that covered commodities should be assumed to be of domestic origin with no requirement for COOL compliance unless it is imported into the U.S.

A study conducted by Agricultural Economists and Meat Scientists at Colorado State University and the University of Nebraska-Lincoln (Umberger, et al.) was frequently cited as evidence of the benefits of COOL and consumers' overwhelming support of COOL. The authors of the study, however, testified that the research was not conceived to support or to refute the benefits of COOL. Rather, it was conducted in June and July of 2002 (before the USDA issued its guidelines in October 2002), to examine whether, in isolation of other beef attributes, consumers cared about COOL. They stated that the research indicated a portion of consumers expressed interest and a willingness to pay for COOL, but that the rating for COOL's importance to consumers' purchasing decision was eighth out of 17 attributes. Freshness and food safety inspection were far more important to the consumers in their study.

The authors further mentioned several limitations to their study. They pointed out that the research was based on a small sample of the U.S. population (273 randomly selected consumers in Chicago and Denver) and that it was incorrect to extrapolate these results with the expectation that they are reflective of the U.S. population as a whole. One author compared their research to the development of corn varieties, stating that while data collected in the greenhouse and/or test plots can give an indication as to how a particular variety may perform, research in the field is still needed to document and to verify the response. The author stated that just as it is unwise to use data collected in the early phase of corn variety development to predict the economic impact of the variety in a commercial setting, so too is it unwise to use the results of their study to estimate the benefits of COOL for the entire U.S. market. Thus, the authors testified that the results of their consumer study were not intended to and should not be used to establish COOL policy or cost-benefit analysis.

Those opposed to COOL (approximately 43 percent of those testifying) generally cited increased record keeping costs, increased labor costs, liability concerns, adverse affects on trade and no clear indication of consumers being willing to pay a premium for meat labeled with country of origin labeling. Among those testifying against mandatory COOL were the Nebraska Pork Producers Association, American Meat Institute (AMI), Tyson Fresh Meats, Excel, Swift & Company and the Nebraska Grocery Stores Association. Opponents of mandatory COOL stated that the law imposes a large and unnecessary cost burden upon the livestock industry and may adversely affect livestock and meat trade. Many in opposition to COOL mentioned that the law is not being implemented as it was intended, due to the fact that the expenses and liabilities will come back to the producer. For example, a spokesperson from the AMI called COOL the law of "unintended consequences."

Both the debate regarding the benefits and costs of COOL and how to practically implement COOL are expected to remain for some time. Until more information about the final requirements are known, it is recommended that producers examine USDA-AMS's recommendations for records to use for COOL verification (http://www.ams.usda.gov/cool/recores.htm). The USDA indicated that they expect to have rules written by September 2003 for implementation of the mandatory COOL to begin in September 2004. They indicated that there would be a 90-day public comment period on their proposed rules.

UNL Agricultural Communications recorded the entire 4½ hour Information and Listening Session. The entire session and up-to-date information on COOL can be found at http://agecon.unl.edu/mark/cool.

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For More Information:

Umberger, W., D. Feuz, C. Calkins and B. Sitz. "Country of Origin Labeling of Beef Products: U.S. Consumers' Perceptions." Presented at FAMPS Conference, March 2003.
http://dare.agsci.colostate.edu/extension/coolfacts.pdf