

## **12/01/2003 Entry: "R-CALF USA: USDA Searched In All the Wrong Places for COOL Benefits"**

R-CALF United Stockgrowers of America

For Immediate Release Contact John Lockie

November 28, 2003 406-252-2516, johnlockie@r-calfusa.com

Billings MT – R-CALF United Stockgrowers of America (R-CALF USA) is a grassroots national cattle association dedicated to educating Congress and the public about how the economic interests of independent cattle producers are different from the economic interests of the meatpacking and retailing segments of the beef industry. “For too long Congress and the USDA has held the erroneous view that what’s good for the packer is good for the producer,” said R-CALF USA COOL Committee Chair Danni Beer, adding, “And now USDA has applied this faulty assumption to the task of identifying COOL benefits for producers and, understandably, none could be found.”

In its proposed rules, USDA argued that the incentive for labeling would occur if retailers, food manufacturers, and producers would share in the increased net revenues associated with consumer’s willingness to pay more for beef produced in a particular country. USDA further assumed that only if overall demand for beef increased could any benefits be bestowed on producers. USDA said in its proposed rules that demand for beef would have to increase by 1 to 5 percent in order for COOL to bestow any benefits on producers.

Beer said COOL was never designed to do either of the things USDA searched for in its benefit analysis. “COOL was never intended to benefit retailers or packers and COOL was never intended to increase the overall demand for beef. COOL is not another check-off program. COOL is a marketing tool producers can use to increase demand for U.S. live cattle.” Beer said.

Beer explained that COOL removes the wedge packers have driven in the supply chain that allows packers to choose from what country they will source the inventories needed to satisfy consumer beef demand. “With COOL, when consumers purchase USA beef, the packer has no choice but to return to the U.S. live cattle market to obtain the inventories needed to satisfy the demand created by consumers’ preference for beef born, raised, and slaughtered in the U.S.,” she said, adding, “U.S. cattle producers will be able to maintain demand for U.S. live cattle even when overall demand for beef remains constant or falls; and even when packers and retailers are forced to lower retail beef prices due to a drop in demand – all that has to happen is for consumers to desire USA beef more than foreign beef.”

“This isn’t economic theory, this is fact,” said Beer as she pointed out the positive effects U.S. cattle producers realized after the closure of the Canadian border. “Even though Canada has an oversupply of beef, demand for U.S. beef in Canada has increased resulting in an increase in U.S. beef exports to Canada of over 11 million pounds this year compared to the same period last year,” she said, adding, “And when Japan and South Korea demanded labeling, demand for U.S. cattle increased because packers had no where to go but to the U.S. live cattle market to satisfy this demand. This proves that COOL can create demand for U.S. live cattle even when overall demand for beef remains constant or falls. Imagine the benefits to U.S. live cattle producers when we have COOL in the largest beef market – the United States’ market,” she said.

(30)

R-CALF USA, the Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America is a national, non-profit cattle association representing cattle producers in the areas of trade and marketing. R-CALF USA has approximately 9,000 individual members in 46 states and 52 affiliated local and state cattle and farm organizations. For more information, visit [www.r-calfusa.com](http://www.r-calfusa.com) or call 406-252-2516.