

## Daily Livestock Report

### Market Comments

Just when we thought the issue of **Country of Origin Labeling** had been finally resolved in a way that satisfied the requirements of the last Farm Bill but also addressed industry concerns, **the matter is back in the public discourse and it appears it will remain a hotly debated topic for the months to come.** According to numerous media reports, the new Agriculture Secretary, Tom Vilsac, has decided to ask industry to voluntarily adopt much stricter labeling rules than those provided in the final COOL rule adopted back in January. The new labeling rules would require a much more detailed labeling of meat in the retail case, specifying where the animal was born, where it was raised and where it was slaughtered. Under the final rule that will come into effect on March 16, USDA had indicated that product from animals that were born in country X, but were then raised or slaughtered in the US, could simply be labeled as "Product of country X and the United States." Now this is our understanding of some of the changes that USDA is seeking to make to the most recent ruling. It is also our understanding that Secretary Vilsac will first seek to get industry to voluntarily adopt these rules. If there is no broad agreement, then USDA would scrap the current rules and reopen the rulemaking process in order to codify the proposed changes. Much of the information on the most recent USDA change of heart about COOL comes following a USDA conference call with a number of consumer and farm groups. USDA was expected to send a letter to industry on Wednesday but as of this writing we have yet to see the details contained in it. Hopefully it was not sent regular mail and we'll be able to learn more today.

Clearly the recent USDA moves will reopen the still fresh wounds in the relationship with our trading partners, especially Canada and Mexico. Asked for a reaction to the recent decision by USDA to re-revise the country of origin labeling requirements, the Canadian Agriculture Minister Gerry Ritz said that "should the Obama administration continue with protectionism, we will then re-ignite our WTO challenge" (Bloomberg). As for Mexican officials, they never withdrew their WTO complaint so the assumption is that they will continue to challenge the recent US moves before the organization. Regardless of where one stands on this issue, one thing to keep in mind is that **one of the primary ways in which the US meat industry will be able to withstand the current recession is not via restrictions to trade but rather greater exports.** As the charts to the right show, exports account for an increasingly larger share of US meat output, estimated at a little over 15% of total US beef, pork and poultry production in 2008 (USDA).

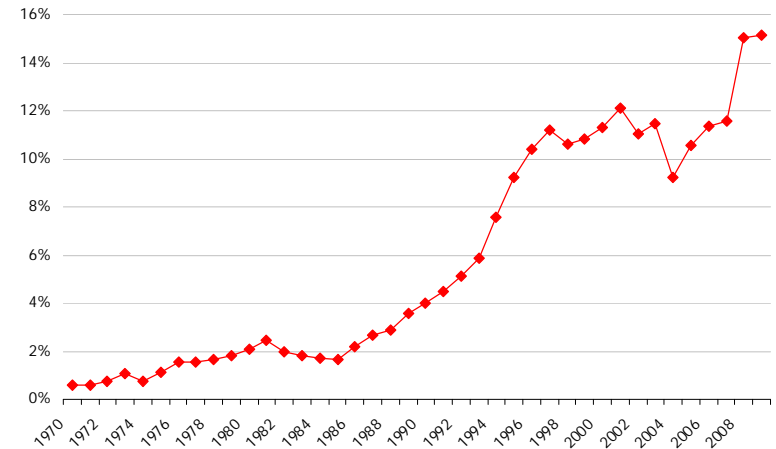
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E-Livestock Volume	19-Feb	18-Feb	12-Feb
LE (E-Live Cattle):	15,255	12,498	10,412
GF (E-Feeder Cattle):	1,483	1,664	1,344
HE (E-Lean Hogs):	12,366	9,861	12,152

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US Red Meat & Poultry Exports as % of US Output



US MEAT IMPORTS AND EXPORTS IN 2008

