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Consumers Appear Indifferent to Country-of-Origin Labeling for Shrimp

Under the Tariff Act of 1930 and subsequent amendments, consumer-ready packaged foods must indicate whether the foods come from the United States, from another country, or from mixed origins. Until the last several years, random-weight products, such as loose produce, store-cut and packaged meats, and seafood from a store's fish counter, were not required to have country-of-origin labels. Proponents of these labels assert that consumers view the U.S. label as an indication of safety, quality, or as a means of supporting U.S. producers.

In April 2005, fish and shellfish became the first commodities subject to mandatory country-of-origin labeling (COOL). In March 2009, rules became final requiring COOL for red meat, chicken and goat meat, fresh and frozen fruit and vegetables, peanuts, pecans, macadamia nuts, and ginger. ERS researchers explored whether U.S. consumers adjusted their purchases of shrimp in response to the 2005 COOL requirements for seafood. Findings show that consumers were not responsive to the new country-of-origin labels.

Shrimp was chosen for the study for a variety of reasons. Fish and shellfish were the first commodities to fall under COOL requirements. Shrimp is the most popular seafood in the United States, accounting for a quarter of all seafood consumed. Seafood from Southeast Asia, particularly shrimp, has a history of raising food safety concerns, so consumers may be looking for country-of-origin information. The different ways that shrimp is sold to consumers—random-weight shrimp purchased from a fish counter versus consumer-ready packaged shrimp—allow researchers to observe if there are shifts in purchases in response to COOL. Consumer-ready packages of shrimp have carried country-of-origin labels for many years. This information was not required for random-weight shrimp until early 2005.

The researchers used weekly Nielsen Homescan purchase data for 1998-2006 to track household purchases of three distinct products: random-weight shrimp purchased from the fish counter, frozen bagged shrimp, and frozen bagged and breaded shrimp. To isolate the impact of the new COOL, the researchers accounted for the effects of price, consumers' budgets, seasonality, purchasing trends, and demographic characteristics affecting demand for shrimp. If COOL mattered to consumers, shrimp purchases after the rule's April 2005 implementation would have shifted between the types of products. Instead, no such demand shift was observed.

The researchers repeated the study using just households in which at least one household head had attended college, graduated from college, or received an advanced degree. Findings from past studies on nutrition labeling suggest that more educated consumers are more likely to read food labels. This subset of consumers did not alter their shrimp purchases in response to COOL either.

The implications of the research suggest that price is a more important determinant of buyer behavior than COOL, a finding consistent with various consumer surveys. Consumers may also feel that retail outlets, the brand of fish, or existing health and safety regulations provide adequate assurance of the quality and safety of the product without having to rely on country-of-origin labels.

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This article is drawn from . . .

"Do Consumers Respond to Country-of-Origin Labeling?" by Fred Kuchler, Barry Krissoff, and David Harvey, in *Journal of Consumer Policy*, 2010, Vol. 33, pp. 323-337.

Mandatory Country of Origin Labeling: Consumer Demand Impact

November 2012

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Mandatory Country of Origin Labeling: Consumer Demand Impact

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November 2012

The United States implemented mandatory country of origin labeling (MCOOL) which became effective in March 2009 (USDA AMS, 2009a,b). MCOOL requires grocery retailers to provide country-of-origin labeling information for fresh beef, pork, lamb, chicken, goat, wild and farm-raised fish and shellfish, peanuts, pecans, ginseng, and macadamia nuts (Link, 2009). MCOOL for fresh meat products has been laden with substantial controversy for many years. Proponents argue that consumers demand origin information and have the right to know the provenance of meat products they purchase. Opponents contest the regulation claiming compliance increases costs for producers, processors, and retailers with insufficient benefits. Trading partners, led by Canada and Mexico, have challenged MCOOL and presented their case to the World Trade Organization (WTO). The WTO has ruled mainly in favor of this challenge and the United States is in the process of responding to this ruling (WTO, 2012). Given the controversial nature of the policy, a range of pre-MCOOL economic impact assessments were conducted. This fact sheet provides an overview of a research project which conducted the first known post-implementation assessment of how consumer demand was influenced by MCOOL.

Approach

To accomplish the project's objective, a multi-methods approach was used to robustly examine consumer demand impacts. Collectively, these approaches utilized transaction data of meat purchases at grocery stores, as well as experimental economics methods involving in-store and online surveys and real-money experiments with consumers. More specifically, 1) in-person surveys and experiments were conducted in grocery stores in Texas (Klain et al., 2012), 2) surveys and experiments were conducted online with a nationally representative set of respondents (Tonsor, Schroeder, and Lusk, 2012), and 3) meat demand models were estimated using scanner data of MCOOL covered products (Taylor and Tonsor, 2012).[1]

[1] Additional details on the various components of this project, a related video summary of key findings, and research papers are available from the authors and will be posted online (http://www.agmanager.info/livestock/policy/default.asp) as they become available.

Key Findings

This project generated a host of important findings pertaining to consumer demand response to MCOOL being implemented. The findings of top economic importance include:

1. *Demand for covered meat products has not been impacted by MCOOL implementation.*
    - Across a series of demand system models estimated using retail grocery scanner data of MCOOL covered products, changes in consumer demand following MCOOL implementation were not detected. That is, no evidence of a demand increase in covered beef, pork, or chicken products, as a result of MCOOL, was identified.
2. *Typical U.S. residents are unaware of MCOOL and do not look for meat origin information.*
    - In an online survey, 23% of respondents were aware of MCOOL, 12% incorrectly believed MCOOL was not law and nearly two-thirds of respondents "don't know" whether MCOOL is a law. Similarly, the majority of in-person experiment participants did not know whether MCOOL was in place, despite the fact that they were standing near a retail meat counter. Furthermore, the majority of in-person participants also stated they never look for origin information when shopping for fresh beef or pork products.
3. *Consumers regularly indicate they prefer meat products carrying origin information. However, consumers reveal similar valuations of alternative origin labels.*
    - In both online and in-person assessments, research participants regularly select meat products carrying origin information over unlabeled alternatives consistent with previous research. However, in an online assessment, consumers revealed valuations of meat products labeled "Product of North America" to be approximately the same as "Product of United States."
4. *Our conclusions hold across the species and products evaluated.*
    - In our in-person and online based assessments, we obtain the same conclusions whether evaluating beef steak, pork chop, or chicken breast products – there was no change in demand following implementation of MCOOL. Similarly, in estimated demand systems we regularly found no change in demand for beef, pork, or chicken products.

Implications

There are several important economic implications from these key research findings:

1. Given the costs of compliance introduced by MCOOL and no evidence of increased demand for covered products, our results suggest an aggregate economic loss for the U.S. meat and livestock supply chain spanning from producers to consumers as a result of MCOOL implementation. Since existing studies indicate implementation costs have been lower for the chicken industry, this finding also suggests stakeholders in the beef and pork industries are comparatively worse off.
2. The low level of consumer knowledge about MCOOL may imply that focusing people's attention on an origin attribute could bias their valuations upward. For example, the country-of-origin effect has been larger in studies that only investigated origin alone as compared to studies that investigated origin in combination with other attributes. This is reinforced by our observation of no demand increase following MCOOL implementation in spite of previous research suggesting consumers would pay more for products carrying origin information. This does not necessarily mean that on the same shelf, a product with no origin information would have the same value as one with origin information to the consumer. However, implementation of mandatory labeling at the retail level has had no discernible impact on demand.
3. The finding of consumers not valuing meat products carrying *Product of United States* labels over those with *Product of North America* labels is important for several reasons. If a *Product of North America* label is less expensive to implement in the context of MCOOL and consumers fail to place higher value on products carrying *Product of United States* labels, economic gains would occur by utilizing the less expensive labeling requirement.

Conclusions

The overriding finding of limited awareness of MCOOL, narrow use of origin information in purchasing decisions, and no evidence of a demand impact following MCOOL implementation is consistent with the argument that voluntary labeling by country of origin would have occurred if it were economically beneficial to do so. More broadly, the findings of this project generally support the assertions of MCOOL opponents who have asked "where is the market failure?" While no one project can resolve all the political and economic issues surrounding the MCOOL situation, it is our hope that the findings of these studies will be utilized to improve decision making regarding the policy going forward.

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FOOD MARKETING INSTITUTE

November 9, 2011

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Deputy Administrator
Agricultural Marketing Service
Livestock and Seed Program
United States Department of Agriculture
Room 2092 - So. Bldg.
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Dear Dr. Morris:

Thank you for taking the time to address the concerns of FMI members on the inspection and enforcement of the Country of Origin Labeling (COOL) program at retail. We appreciate your willingness to work with us to address these issues and help clarify questions related to the program. We also would like to thank you, Julie Lewis, and the rest of your team for hosting several webinars on COOL compliance and enforcement. These webinars were very helpful for the industry and we appreciate them.

Retailers take compliance with COOL very seriously and the compliance rate for supermarkets according to the latest USDA data is 97 percent for all covered commodities. This is an exceptionally high compliance rate for any regulatory regime and demonstrates retailers' commitment to ensuring that they meet the requirements of the law.

In recent weeks we have received numerous communications from our members regarding excessive and what we believe to be unnecessarily burdensome enforcement of COOL. Matters which used to not be flagged as a violation under USDA enforcement procedures are now being cited as non-compliances. Inspectors are seeking more records and information than ever before which is imposing a very large burden on our members. We believe that many of the records that are being requested are not required to be provided to inspectors pursuant to the COOL law and regulations. We seek clarification whether USDA is directing inspectors to collect such records, and if so, the specific regulatory authority under which they are being collected.

I. Recordkeeping

The records check as part of the inspection has become overly burdensome for retailers and we have concerns that it is being confused with the less frequent traceback check that AMS personnel perform. Inspectors are requesting records on two meat items, two produce items and one frozen

item. The inspectors are requesting records back to the bill of lading which is taking the corporate office 2-3 hours per item to locate. We wish for you to clarify the regulatory authority under which these records are being collected as we have concerns that some of these record requests are exceeding USDA's authority under COOL regulations.

A. Store Order Invoices

Of particular concern is the fact that reviewers have been flagging as non-compliances store order invoices maintained at a retail location even when they link (through a common item number etc.) to a bill of lading or other invoice that contains all required country of origin and method of production information. Store order invoices documenting a particular store's order from the distribution center.

Many retailers, in the normal course of business, maintain only certain information on store order invoices, such as a description of the product, a product number and the product size among other things. Recently, inspectors have been flagging these store order invoices as non-compliances due to the fact that they lack country of origin information even though they can be linked via a product code or description to records containing COOL information.

COOL regulations specifically state that only "records maintained in the normal course of business" are required to be provided to inspectors to verify an origin claim (7 CFR § 60.400(a)(2), § 65.500(a)(2)). For USDA to mandate that store order invoices contain country of origin (COO) information would require retailers to overhaul, at great cost, their store order systems solely for the purpose of meeting the demands of inspectors. We believe that requiring store order invoices to contain COOL information when they can be linked to other records containing such information exceeds the scope of the recordkeeping requirements under the COOL rules. These are not "records maintained in the normal course of business."

Furthermore, 7 CFR § 65.500(c)(2) reads "Records and other documentary evidence relied upon at the point of sale to establish a covered commodity's country(ies) of origin ***must either be maintained at the retail facility or at another location*** for as long as the product is on hand" (emphasis added) Similar language is contained in 7 CFR § 60.400(c)(2) for seafood.

If a store order invoice maintained at the retail level can be linked to other records off premises with COO information it should meet the requirements of the rule. The language of the regulations does not require that store order invoices contain COO or method of production (MOP) information.

B. Pre-Labeled Products

Pursuant to 7 CFR § 65.500(c)(2) "For pre-labeled products, the label itself is sufficient information on which the retailer may rely to establish the product's origin and ***no additional records documenting origin information are necessary.***" (emphasis added). 7 CFR § 60.400(c) contains similar language for seafood, noting that no additional records documenting method of production information are required.

For example, one retailer was cited for a violation for pre-labeled product because a store order invoice contained COO information that matched the COO displayed for the item at retail, but also contained another country that the distribution center receives that particular item from. Again, this is what the retailer does in the "normal course of business" as that product is always sourced from one of the two countries. Furthermore, the item could be connected through the store order invoice to a supplier invoice with the specific COO information. As pre-labeled products do not require additional records documenting COO or MOP, we do not believe this constitutes a violation and seek clarification from USDA. We have concerns that inspectors are seeking additional records for pre-labeled products and wish to clarify what records they have authority to seek and what records they do not. It would be very helpful if AMS could clarify what constitutes a record check and traceback for the retail industry and also for COOL inspectors.

II. In-Store Inspection Activities

COOL is not a food safety issue and FMI and the industry continue to remain concerned about the volume of inspections and the unnecessary burdens they are imposing on our members. These burdens are consuming critical staff resources that otherwise would be dedicated to food safety. Inspections are also extremely disruptive to store operations, taking key staff—such as store managers and independent owners—away from their primary responsibilities of running a store, growing their businesses and creating jobs.

A. Volume of Inspections

We do not believe a program with a 97 percent compliance rate merits the frequency of inspections conducted by USDA. In FY 2010, 8,363 stores were inspected. There are approximately 36,000 supermarkets located in the United States. If this volume holds in FY2011 and FY2012 this means that nearly 25 percent of all retail outlets in the United States will be inspected during each fiscal year. As the Agency acknowledges, this is not a food safety issue. Other laws and regulations with far lower compliance rates—and far higher consequences for the public—have inspection rates that are much less.

In September, many of our members saw a noticeable increase in the number and intensity of inspections in their stores. One member company with fewer than 70 stores had inspections in 12 stores in a three week period. Other members reported up to 10 inspections per week for small to mid-size grocery chains. The burden these inspections place on stores and corporate headquarters is significant and they found themselves buried in paperwork. Most of the retail companies have the food safety staff handle COOL inspections and follow up documentation, so this was time not spent on their core food safety responsibilities. In addition to the cluster of inspections, members reported inspections at odd hours. One FMI member in Connecticut reported an inspection starting at 6:30 pm. While the store was open, this was an unusual time for a COOL inspection and caused some issues with operations at the store level. Inspections are taking longer than they were previously—4-5 hours in many cases.

B. "Gotcha" Attitude

Retailers take seriously their responsibilities under the COOL rules and the 97 percent industry compliance rate reflects that. The recently issued OIG report on COOL also shows that of all the retailers that had higher levels of non-compliances, 97 percent of them improved their compliance levels on follow-up inspections.

In the real world perfection is impossible. Because the typical supermarket carries hundreds of items subject to the regulation, the items change daily and are being moved and handled by consumers, if any inspector looks hard enough, they are bound to find unintentional violations.

One retailer cited the example of bananas. Because one sticker with COOL information is typically placed on each bunch, and consumers often break bunches apart, the first thing inspectors do is run over to the banana display to count up the loose bananas so they can calculate that the retailer has stickers on less than a majority of the fruit and thus in violation. While this may technically violate the letter of the rule, plenty of stickers remain on fruit in the bin and country of origin information is clearly communicated to consumers. The spirit of the law is not being violated. The inspector then finds a violation, thus requiring USDA to expend effort to send a formal letter which the retailer must respond to (often taking an hour or more). Often, the inspector, upon visiting the next store of the retailer will repeat the pattern, running over to the banana display to once again "get" the retailer, requiring a separate letter to be sent by USDA and a separate response by the retailer. In another case a retailer was cited for having two limes for sale, one of which had a sticker with COO information. Since a sticker was not present on the other lime (it most likely had fallen off), the retailer was cited for not having a majority of limes stickered. If USDA lowered the threshold for the number of items stickered, this burden would be reduced.

The individuals charged with responding to USDA correspondence at our member companies generally have responsibility over food safety matters and responding to COOL letters is

consuming an enormous proportion of their time—time better spent on food safety issues. One retailer has a full time employee working 25 hours per week responding to COOL record requests, taking the individual away from important food safety-related work.

Duplicative paperwork burdens are also a concern. When a reviewer has found an issue with a product they immediately look for that item in the next store which does not give the retailer time to address the issue and only creates a needless additional response. This procedure is not an effective or efficient way of enforcing COOL and should be stopped.

C. Insufficient Training of Reviewers

The industry is encountering reviewers who are not sufficiently familiar with the details of the law to properly conduct an inspection. For example, one retailer received citations for not labeling covered commodities of a different type combined in a retail package (spring mix and a container of cut cantaloupe, melons and watermelon). Retailers are also receiving inconsistent and incorrect information regarding recordkeeping requirements. One retailer was told that store invoices for items with all information required by COOL were inadequate to meet recordkeeping requirements. The retailer was instructed that box labels must be maintained in addition to the invoices.

Summary

1. In the past several months, retailers have noticed and commented on the COOL inspection program becoming increasingly burdensome on the industry. This is happening at a time when COOL compliance is at 97 percent and the industry is clearly trying to comply with the law and make sure consumers have the information they have the right to know.
2. The changes in inspections and request for records are going beyond the requirements in the regulation. FMI members are at a loss on how to comply with expectations from COOL inspectors that are not consistent with existing regulations. Insufficient training of reviewers and a "gotcha" attitude on enforcement have created enormous burdens for retailers.
3. Consistency in the timing and scheduling of COOL inspections would be helpful for the industry. Many states were completing audits at what appears to be the end of the first quarter of the funding for FY11. This placed an incredible burden on retail stores and on the food safety departments supporting those stores at a time when they were dealing with several national recalls and high profile foodborne illness outbreaks.

We appreciate your assistance in working through these issues. Please let us know if you would like to discuss this in more detail.

Sincerely,

Hilary S. Thesmar, PhD, RD
VP, Food Safety Programs

Erik R. Lieberman
Regulatory Counsel

THE VOICE OF FOOD RETAIL

Feeding Families Enriching Lives

February 4, 2013

Ms. Julie Henderson
Director, COOL Division
Livestock, Poultry, and Seed Program
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STOP 0216
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Re: Mandatory Country of Origin Labeling of Covered Commodities: Notice of Request for Revision of a Currently Approved Information Collection[1]

Docket No. AMS–LS–12–0047

Dear Ms. Henderson:

On December 4, 2012, the Agricultural Marketing Service (AMS) of the U.S. Department of Agriculture announced in the Federal Register its intention to request approval from the Office of Management and Budget, for an extension and revision to the currently approved information collection of the Mandatory Country of Origin Labeling (COOL) of Covered Commodities. On June 29, 2012, the World Trade Organization (WTO) Appellate Body issued a report upholding a WTO Dispute Settlement Body (DSB) panel report that ruled COOL was an illegal trade barrier. The WTO Arbitrator has granted the United States time until May 23, 2013, for the U.S. to implement the recommendations and rulings of the DSB. The Food Marketing Institute (FMI) believes that this Paperwork Reduction Act information collection request (ICR) review process provides an opportunity to change the program to make it more consistent with the rulings of the DSB, while reducing the burdens of the COOL regulation. Food retailers and wholesalers bear the greatest share of the COOL burden. FMI appreciates the opportunity to comment on this important matter.

FMI conducts programs in public affairs, food safety, research, education and industry relations on behalf of its nearly 1,250 food retail and wholesale member companies in the United States and around the world. FMI's U.S. members operate more than 25,000 retail food stores and almost 22,000 pharmacies with a combined annual sales volume of nearly $650 billion. FMI's retail membership is composed of large multi-store

[1] 77 Fed. Reg. 71773 (December 4, 2012).

adopted the Appellate Body report and the panel report as modified by the Appellate Body Report. A WTO Arbitrator set a deadline of May 23, 2013, for the United States to implement the recommendations and rulings of the DSB. If the U.S. fails to change COOL to comport with the DSB rulings by this time, it will be required to compensate Canada and Mexico or face sanctions, including tariffs amounting to billions of dollars,[7] that could result in the loss of tens of thousands of jobs. Although the Appellate Body's ruling applied to beef and pork in particular, we believe it has implications for all other commodities in the COOL program. USDA and the Office of Management and Budget should use this ICR as an opportunity to reevaluate and change COOL to make it more compliant with the rulings of the DSB.

Protectionism and COOL

FMI opposed enactment of COOL because of concerns that it would impose enormous burdens on the supermarket industry and make it more costly and difficult to carry imported products. These concerns have been borne out. Since the implementation of COOL by USDA, FMI members have stopped selling foreign products and decided to not stock others because of the increased costs of handling imported items under the program. As a result U.S. consumers face fewer choices and higher prices. Consumers are paying tens of millions of dollars every year in higher food costs as a consequence of this rule. In a year when food costs are projected to rise 3-4%, this is the last thing consumers need.

Consumer Response to COOL

While the regulatory burdens of COOL have led retailers and wholesalers to stop handling and selling many imported items, studies have found little to no impact on consumer purchasing behavior. A study of shrimp purchases found no difference between consumer purchases before the implementation of COOL and those after it went into effect.[8] In assessing the study, USDA stated:

> The implications of the research suggest that price is a more important determinant of buyer behavior than COOL, a finding consistent with various consumer surveys. Consumers may also feel that retail outlets, the brand of fish, or existing health and safety regulations provide adequate assurance of the quality and safety of the product without having to rely on country-of-origin labels.[9]

Similarly, a study conducted by researchers from Kansas and Oklahoma State found COOL had no impact on consumer demand for meat items.[10]

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[7] http://www.reuters.com/article/2013/01/14/us-meat-canada-usa-idUSBRE90D0YK20130114
[8] "Do Consumers Respond to Country-of-Origin Labeling?" by Fred Kuchler, Barry Krissoff, and David Harvey, in *Journal of Consumer Policy*, 2010, Vol. 33, pp. 323-337.
[9] http://www.ers.usda.gov/amber-waves/2012-june/consumers-appear-indifferent.aspx
[10] Tonsor, Lusk et al. Mandatory Country of Origin Labeling: Consumer Demand Impact, November 2012 http://www.agmanager.info/livestock/policy/Tonsor_KSU_FactSheet_MCOOL_11-13-12.pdf.

information to the extent that such a demand exists."[12] Reestablishment of a voluntary COOL program would save food retailers, wholesalers and others in the supply chain billions of dollars in regulatory costs.

- **Mandatory COOL Based on Substantial Transformation, Voluntary Provision of Born, Raised and Slaughtered Information**

This system would require that meat and poultry products receive a country of origin designation based on where the product was substantially transformed. Canada contends that this option would be less trade restrictive than the COOL measure because it "would not require segregation for the portion of the market that did not require voluntary labels."[13] In addition, Canada and Mexico argue that a combined mandatory-voluntary system would ensure that all consumers are provided with information on the origin of the meat they purchase on the same basis as they currently are for imported processed meat products and would permit additional information to be conveyed to those who are interested.[14]

The Appellate Body acknowledged that such a system would be less trade restrictive stating:

> We note that a mandatory labeling system according to which the country of origin is the one in which substantial transformation—that is, slaughter—took place would not entail costs of segregation of livestock for purposes of country of origin labeling. In practice, there would be no restriction or limitation imposed on imported livestock since all meat products derived from cattle and hogs slaughtered in the United States would bear a "Product of the US" label.[15]

This proposal would provide a small degree of relief to the supermarket industry, but alone would not have a major impact in reducing the overall burdens retailers and wholesalers face from the existing COOL program.

Reforms Achievable By Agency Under Current Authority

FMI believes USDA can use its existing authority to make the below reforms through the rulemaking process, guidance and changes to enforcement policy. The Dispute Panel found that the costs of compliance with COOL "cannot be fully passed on to consumers."[16] The Appellate Body accepted this finding. The Appellate Body noted

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[12] Mexico's other appellant's submission, para. 62.
[13] Canada's other appellant's submission, para. 86.
[14] Canada's other appellant's submission, para. 87; Mexico's other appellant's submission, para. 64.
[15] Appellate Body Report, para. 485.
[16] Panel Report, *United States—Certain Country of Origin Labelling (COOL) Requirements*, WT/DS384/R, WT/DS/386/R (November 18, 2011) para. 7.349.

- **Changing Standard on Preponderance of Stickers/Tags**

COOL reviewers are currently instructed to flag retailers for an NC-2 violation (declaration not legible and/or placed in an inconspicuous location) when less than 50 percent of items within a bin are stickered or otherwise individually labeled with country of origin. Because consumers are constantly handling produce items, stickers fall off. For items in bunches, (e.g. bananas and tomatoes), individual fruits may fall off of the bunch. The loose fruit remaining in the bin may result in less than 50 percent of the items in the bin being labeled. USDA should reduce the standard to 25 percent of items within a bin. This will still provide the consumer with information on country of origin, but not unduly burden retailers.

- **Reducing In-Store Inspections and Refocusing on Compliance Assistance**

COOL reviewers have been inspecting an enormous proportion of all retail supermarkets annually—20%-25%—while the agency has found that 97 percent of items are labeled correctly. AMS should dramatically reduce the thousands of reviews conducted annually and instead focus on assisting retailers and wholesalers in complying with the rule. Reducing the number of inspections would provide significant relief from the regulatory burden. Retailers and wholesalers are complying with the rule as is evident in the 97 percent compliance rate of all items inspected. The industry however, continues to face an enormous number of inspections every year. In-store inspections can take 3-5 hours or more and can significantly disrupt store operations. Responding to record requests arising from each inspection consumes hours of staff time. Most retail companies have the food safety staff handle COOL inspections and follow up documentation, so this is time not spent on their core food safety responsibilities. Reducing the number of inspections retailers face would significantly lower the regulatory burden of the COOL program.

- **Redefining the Term "Raised" to Majority of Animal's Life**

The term raised is not defined in the COOL statute. Raised is defined by the agency in the COOL regulations to mean the period of time from birth until slaughter or in the case of animals imported for immediate slaughter, the period of time from birth until the date of entry into the United States.[17] As a consequence, animals born in the U.S. but transported to Canada for feeding, even for a single day, must bear a label indicating both U.S. and Canada as countries of origin. Similarly, records must be maintained verifying this declaration, and this product must be segregated from U.S. product by wholesalers and within retail stores. Changing the definition of raised to the period constituting the majority of time between birth and slaughter would provide some relief from the burdens of COOL and address the Appellate Body's finding that the

[17] 7 C.F.R. § 65.235.