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FINAL RULE FOR V-PUSA LABEL

BEEF WATCH REPORT FOR MARCH 2024

This Beef Watch edition will focus on the United States Department of Agriculture (USDA) Final Rule: Voluntary Labeling of FSIS-Regulated Products with U.S.-Origin Claims. Establishments voluntarily using a claim subject to the final rule will need to comply with the new regulatory requirements by January 1, 2026, and are being encouraged by USDA to do so as soon as practicable after the publication of this final rule.⁽¹⁾

FINAL RULE FOR V-PUSA LABEL

On March 11, 2024, the USDA's Food Safety Inspection Service (FSIS), announced the Final Rule.

Under the new rule, Product of USA will mean products derived from animals born, raised, slaughtered, and processed in the U.S. The new definition is said by USDA to align with consumer interpretations of what a product of USA claim means.

The new rule was announced by USDA Secretary, Tom Vilsack, as a "...vital step toward consumer protection and builds on the Biden-Harris administration's work to bolster trust and fairness in the marketplace where smaller processors can compete."⁽¹⁾

In contrast, under current FSIS policy, products with a Product of USA or similar claim must, at a minimum, have been processed in the U.S.

In North America, the cattle and beef sectors are highly integrated. The Final V-PUSA Rule does not recognize this integration aspect and, thus, has potential to disrupt established supply chains with higher costs for the meat industry and food inflation for consumers.

Canada's Ministers of Agriculture and Trade are watching the situation closely and said the new rule will be raised during the agriculture ministers' trilateral meeting with the U.S. and Mexico to take place in Colorado later in March.

POTENTIAL FUTURE IMPACTS:

1. Interest in the voluntary origin claim by processors

As the label is voluntary, food-processing establishments will not need to include the V-PUSA or Made in the USA claims on the label, but if they choose to do so, then they will need to meet the requirements in the new rule.⁽²⁾

The FSIS Guidelines of Label Regulations present the following examples for single and multi-ingredient products:⁽³⁾

- a. For single ingredient items, the entire product must be derived from an animal born, raised, slaughtered, and processed in the U.S. (9 CFR 412.3(a)).

A single ingredient steak product label that has the statement "Product of USA" can be generically approved, provided the labeling record includes sufficient support that the beef product was derived from an animal born, raised, and slaughtered, and the meat then processed, in the U.S.

- b. For a multi-ingredient product, the product must be derived from animals born, raised, slaughtered, and processed in the U.S.; (2) all other ingredients in the product, other than spices and flavorings, must be of domestic origin; and (3) the preparation and processing steps for the multi-ingredient product must have occurred in the U.S. (9 CFR 412.3(b)).
- c. Labels that make a factual claim about a specific U.S. State, Territory, or locality can be generically approved, provided the claim meets the requirements for use of U.S. origin claims under 9 CFR 412.3(a)-(c) with regards to the U.S. State, Territory, or locality origin. For example: "Product of Montana" could be used.

2. Impacts of regulatory challenges to meat supply chains

The cattle and beef sectors of the U.S., Canada and Mexico are tightly integrated. For this reason, the Canadian Cattle Association, National Cattle Feeders and the Canadian Meat Council have expressed concerns about the impact of the final V-PUSA rule on trade, including segregation of Canadian cattle and American buyers unwilling or hesitant to purchase Canadian cattle.

The Government of Canada is actively monitoring for any measures that may cause disruptions to the North American meat and livestock supply chains.

Canada and Mexico have retained the World Trade Organization (WTO)'s 2015 authorization to retaliate against an origin labelling measure that would unfairly discriminate against imports of live cattle and pigs.

3. Mandatory or voluntary

The distinction between mandatory and voluntary labels is important. In the early 2000s, the U.S.'s country-of-origin label (COOL) on cattle and hogs was problematic. Canada and Mexico have retained the WTO's 2015 authorization to retaliate against an origin labelling measure that would unfairly discriminate against imports of live cattle and pigs.⁽⁴⁾

Sources:

- (1) USDA Press Release, [USDA Finalizes Voluntary "Product of USA" Label Claim to Enhance Consumer Protection](#), March 11, 2024
- (2) USDA, [Advance Copy of Final Rule: Voluntary Labeling of FSIS-Regulated Products with U.S.-Origin Claims | Food Safety and Inspection Service \(usda.gov\)](#), March 11, 2024
- (3) USDA, [FSIS Guideline for Label Approval | Food Safety and Inspection Service \(usda.gov\)](#), March 2024
- (4) Canadian Cattle Association, [CCA Reacts to Voluntary Product of USA Labeling Ruling – Canadian Cattle Association](#), March 11, 2024