

# Market Definitions of Alternative Production Systems

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## Executive Summary

There are a growing number of entities that wish to capture a value added opportunity via alternative production methods to meet the demands of a niche market that address the needs of consumers (e.g., naturally raised and grass fed). Those entities along with consumers would benefit greatly from uniform standards to establish a minimum threshold for the marketing of these types of product. Standards facilitate commerce by providing a common language for trade and a means of differentiating value in the marketplace. Since the majority of label claims currently citing animal production methods are defined by the individual companies selling the products, the Agricultural Marketing Service (AMS) seeks to develop standards with explicit attributes that could easily be understood by the public. The staff of AMS, Livestock and Seed Program along with the Food Safety and Inspection Service (FSIS), Labeling Program and Delivery Division is striving to ensure that a focused, strategic approach is applied to develop marketing claim standards.

## Background

Individuals and companies often highlight production and marketing practices in advertisements and promotions to distinguish their products in the marketplace. Since the late 1970s, livestock and meat producers (individuals and companies) have requested the voluntary services of AMS to verify or certify specific practices to increase the value of their products. As multiple marketers of specialized claims have begun to seek USDA certification or verification for the same or similar production practices, AMS has determined it would be beneficial to establish standards for common production and marketing claims that would collectively be a part of the voluntary U.S. Standards for Livestock and Meat Marketing Claims, which may be used in conjunction with a certified or verified

program recognized by AMS. The livestock and meat marketing claim standards are instrumental in facilitating communication, establishing a common trade language, and enhancing understanding among producers, processors, and consumers. Past experience indicates that standards sort a highly diverse population into more homogeneous groups, and when standards are uniformly applied, they provide a valuable marketing tool.

Product labels that include voluntary marketing claims must be submitted to FSIS for evaluation prior to use. Under the authority of the Federal Meat Inspection Act (FMIA; 21 U.S.C. § 601, 607) and the Poultry Products Inspection Act (PPIA; 21 U.S.C. § 451, 457), FSIS regulates domestic and imported meat, poultry, and egg product labeling, standards, and ingredients. Working closely, AMS and FSIS develop voluntary standards for livestock and meat marketing claims to be used in conjunction with a third-party verification program. A verified program provides suppliers of agricultural products or services the opportunity to distinguish specific activities and assures customers of the supplier's ability to provide consistent quality products or services. When a marketing claim standard is published by AMS, FSIS will recognize programs verified through AMS as providing sufficient evidence to substantiate a labeling claim, but still will need to review all labels for accuracy as FSIS has the overall responsibility and approval for meat labeling.

## Alternative Production System: Grass (Forage) Fed

Another alternative production practice is the rearing of livestock on grasslands or forage products only. Originally AMS proposed 13 U.S. Standards for Livestock and Meat Marketing Claims, as a notice and request for comments, in the December 30, 2002, *Federal Register*, including the grass (forage) fed claim. The grass (forage) fed claim was revised and

AMS re-proposed the claim in the May 12, 2006, *Federal Register*. In the December 30, 2002, *Federal Register* Notice, the grass (forage) fed claim standard proposed that grass, green or range pasture, or forage shall be 80% or more of the primary energy source throughout the animal's life cycle. As a result of the public comments received, AMS determined significant modification to the proposed grass (forage) fed standard was needed. The grass (forage) fed claim standard was re-opened by AMS in the May 12, 2006, *Federal Register*. The AMS proposed that grass (annual and perennial), forbs (legumes, *Brassica*), browse, forage, or stockpiled forages, and post-harvest crop residue without separated grain shall be at least 99% of the energy source for the lifetime of the ruminant specie, with the exception of milk consumed prior to weaning.

By the close of the comment period for the May 12, 2006, *Federal Register* Notice, AMS received 19,811 comments concerning the grass (forage) fed claim from consumers, academia, trade and professional associations, non-profit organizations, national organic associations, consumer advocacy associations, retail and meat product companies, and livestock producers. Issues raised through the comments received pertained to the grass (forage) percentage; the clarification of the language and the definition relative to the exclusion of grains; the use of stored and harvested forages and other supplements; related production issues including access to pasture, confinement, and antibiotics and hormones; verification, compliance, and labeling; and perceptions associated with the grass (forage) fed claim.

## Current Status

The final standard for the grass (forage) fed marketing claim was published by AMS as a Notice in the *Federal Register* on October 16, 2007. The grass fed standard states that grass and/or forage should be the feed source consumed for the lifetime of the ruminant animal, with the exception of milk consumed prior to weaning. The diet should be derived solely from forage, and animals cannot be fed grain or grain by-products and must have continuous access to pasture during the growing season.

Through this voluntary standard, livestock producers may request that a grass (forage) fed claim be verified by USDA. Beef products produced and derived from animals and a system verified through an AMS audit program will have the option of labeling the product as USDA Certified Grass Fed Beef.

## Alternative Production System: Naturally Raised

According to FreshLook Marketing Group retail data, the demand for natural (and organic) products has surged to a double-digit growth sector in recent years. To meet the growing consumer demand, U.S. meat and poultry companies have developed and marketed "natural" meat products. However, research shows that consumers are confused as to what "natural" really means. According to the FSIS *Food Standards & Labeling Policy Book* (August 2005), natural claims are currently permitted for meat and poultry products that are minimally processed and contain no artificial flavors, coloring ingredient, chemical preservative, or any other synthetic ingredient. Livestock production practices are not covered by the current policy for the use of the term natural; although, research confirms consumers perceive production practices to be apart of the natural definition. This confusion has lead AMS to develop a standard to provide the basis of a minimum threshold for a Naturally Raised marketing claim, as it relates to livestock and meat production.

## Discussion

Livestock production practices are not a part of the FSIS policy for use of the term natural; however, FSIS will allow separate claims about livestock production practices by means of operational protocols, testimonials, and affidavits provided by producers. These claims and their supporting documents are reviewed on a case-by-case basis by FSIS. Without the aid of standardized requirements for certain production practices, greater variation is expected in the marketplace regarding the use of these claims and each branded program only has to be in compliance with its own definition of a naturally raised claim.

Consumer research has indicated that consumers would like to have natural claims go beyond the processing of meat and poultry products to also reflect the process under which animals are raised. There are many attributes consumers may associate with natural meats. Research regarding consumer preference shows the prohibited use of antibiotics, growth promotants, and animal by-products as the main factors consumers associate with natural meats. Other attributes that consumers consider related to natural meats are a vegetarian diet, grass fed, environmental stewardship, the prohibited use of chemicals and pesticides, the prohibited use of genetically engineered feedstuffs, and animal handling and welfare practices.

As previously mentioned, the majority of claims regarding production methods inferred as natural are currently defined by the individual company selling the product. Depending upon the branded program making these claims, the activities and associated requirements can vary as there is currently no standard to specify which elements of a program must be addressed and to what level. Although many producers and consumers regard production practices as an integral part of natural labeling, not all programs address all the issues, and if they do, they have different thresholds for compliance. This has led to confusion in the industry and the marketplace as to what requirements must be met in order to have a uniform, unambiguous claim that can be easily understood.

A naturally raised labeling claim, when finalized, would remain independent of the FSIS policy on the use of the term “natural” on product labeling. Oversight of the term natural as it applies to processed products will still be maintained by FSIS. In October 2006, FSIS received a petition to codify the definition of the term natural in the 1982 policy.

### **Current Status**

The AMS received input from sectors of the livestock and meat industry, academia as well as other interested organizations to draft a proposed marketing claim standard that addresses animal raising practices. More than 200 interested parties attended listening sessions hosted by AMS in December 2006 and January 2007 and submitted comments.

A proposed marketing claim standard for naturally raised livestock was published by AMS for public comment in the *Federal Register* on November 28, 2007. The comment period was originally scheduled to close on January 28, 2008; however, AMS reopened and extended the comment period until March 3, 2008. The comment period was extended because a number of interested producers, processors, and marketers requested additional time to evaluate the full impact of the requirements of the proposed standard in order to provide more meaningful and substantive comments. The AMS proposed that producers who make a “naturally raised” claim raise their animals without growth promotants and antibiotics and have never fed them mammalian or avian by-products.

Agricultural Marketing Service is currently analyzing the comments received (over 44,000) and will then research the information provided through the comments. The AMS will then determine the appropriate next step; publishing a final standard or re-proposing a standard with significant modifications and request for additional comments. Once this decision is made, AMS will then formally prepare responses to the submitted comments and publish the determined document in the *Federal Register*.

With the establishment of this voluntary standard, USDA would be able to verify the naturally raised claim of livestock producers participating in this program. Upon standardization of this marketing claim, which applies to livestock, a naturally raised claim could be carried forward to retail sales of the meat and meat products derived from such livestock.

### **Additional Alternative Production Systems**

As stated previously, AMS originally proposed 13 marketing claims standards in the December 30, 2002, *Federal Register*, including the grass (forage) fed claim. In addition to grass fed, nine other claims relating to live animal production were proposed. The nine standards covered claims for antibiotic use, breed, free range, geographic location, grain fed, hormone use, livestock identification, preconditioning, and vitamin E supplementation. Four other standards were

proposed for claims relating to meat product characteristics. Those four standards covered claims for aged meat, electrical stimulation, and tenderness. The AMS is currently evaluating whether or not some of the original standards proposed should be finalized. Some of the claims are no longer pertinent or of interest to the industry or have been encompassed by other standards and programs (e.g., use of antibiotics and hormones is dealt with through the naturally raised marketing claim standard). Other production claims being brought to the attention of AMS are sustainability, locally produced, and humanely raised and handled.

Some of the marketing claims that are currently seen in the marketplace, AMS may choose not to define, but will evaluate current industry standards that

can then be verified through a USDA Quality System Verification Program (QSVP; <http://www.ams.usda.gov/lsg/arc/audit.htm>). A QSVP can be used to substantiate claims that cannot be determined by direct examination of livestock, their carcasses, component parts, or the finished product. The QSVP provides suppliers of agricultural products or services the opportunity to distinguish specific activities involved in the production and processing of their agricultural products and to assure customers of their ability to provide consistent quality products or services. This is accomplished by documenting the quality management system and having the manufacturing or service delivery processes verified through independent, third-party audits.

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