



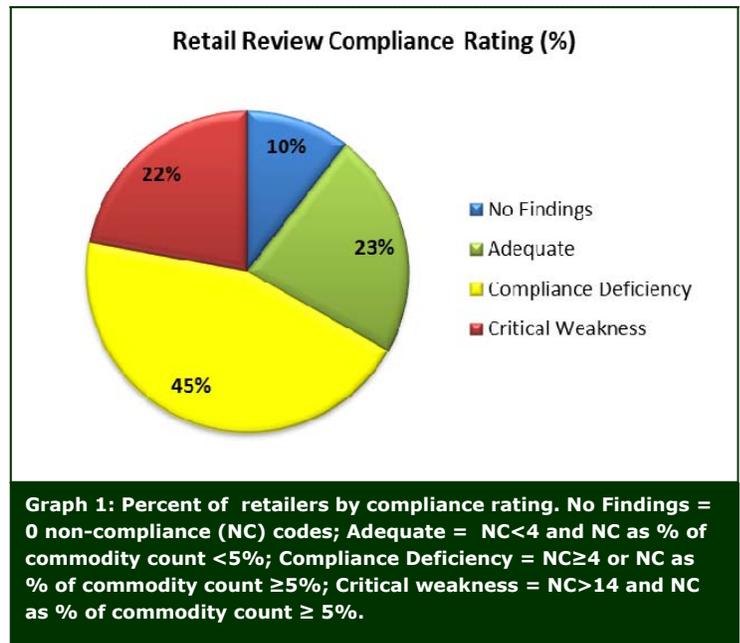
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Agricultural Marketing Service

# Country of Origin Labeling

February 2016

## Retail Compliance Data Fiscal Year 2015

In Fiscal Year (FY) 2015, the Country of Origin Labeling Division conducted 3,062 retail surveillance reviews in all 50 states including the District of Columbia. Of the total, 2,252 were follow up and 810 were initial retail surveillance reviews. Follow up surveillance reviews were conducted at retail store locations where compliance deficiencies or critical weaknesses were identified, in the previous FY 2014. Thirty-four (33%) percent of all retail stores reviewed had no findings or adequate compliance rating. Retailers are required to submit written corrective actions to USDA for reviews rated as compliance deficiency and critical weakness. The following graphs illustrate COOL retail compliance during FY 2015 for beef, pork, lamb, chicken, goat meat, wild and farm-raised fish and shellfish, perishable agricultural commodities, peanuts, pecans, macadamia nuts, and ginseng covered commodities.



### **FUN FACT:**

**In Fiscal Year 2015, a total of 1,055,966 COOL covered commodities were reviewed at retail.**

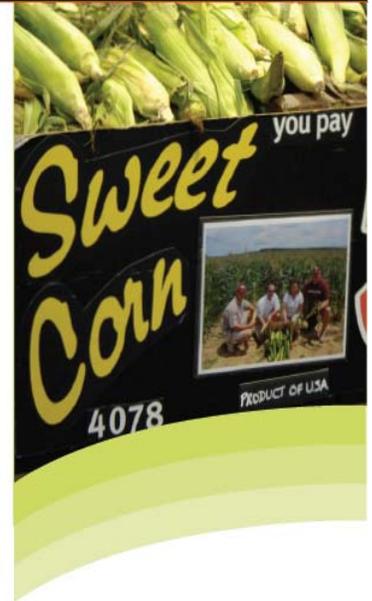
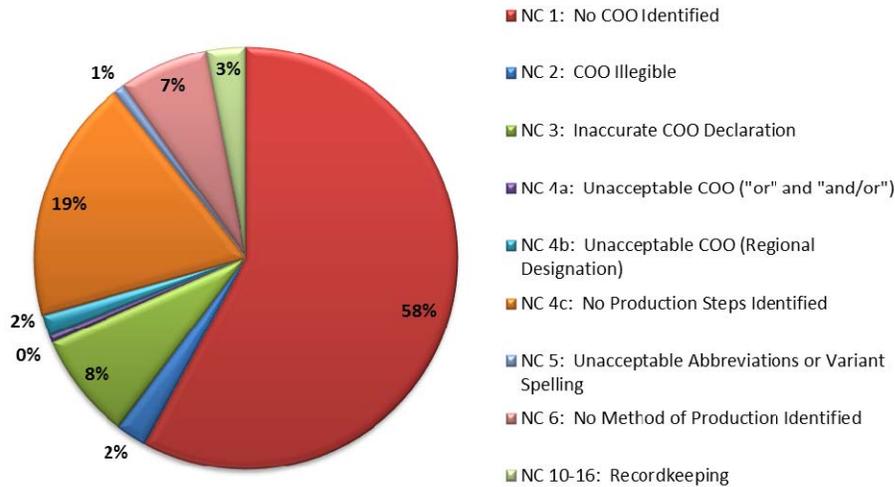


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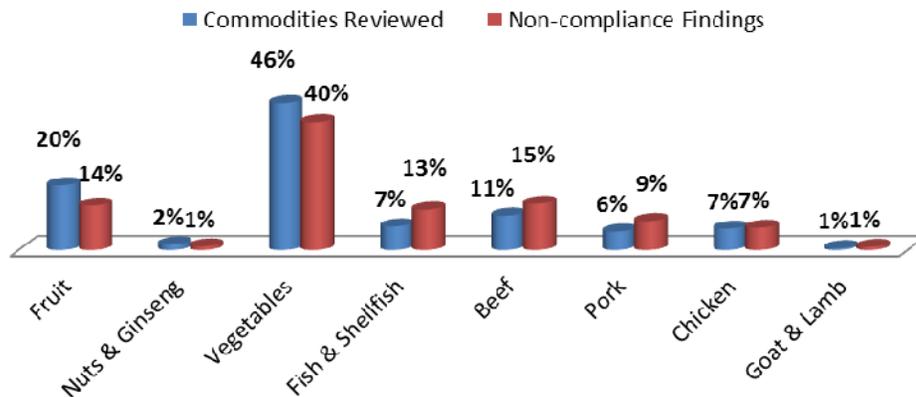
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**Frequency of Non-Compliance Codes (%)**



**Graph 2: Total number of non-compliance (NC) codes cited during FY 2015. The most frequent NC code was for absence of country of origin (58%).**

**All Commodities Reviewed vs. Non-Compliance Findings Identified by Commodity Category**



**Graph 3: The measure of non-compliance findings (red bars) in comparison to the percentage of each category present for the total commodities sold (blue bars) at retail.**



**FUN FACT:**

Approximately 96% of all covered commodities sold at retail were COOL compliant in FY 2015.



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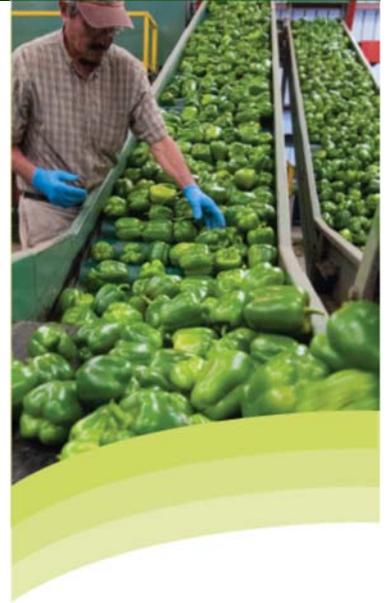
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## Supplier Traceback Audits

### Fiscal Year 2015

From October 2015 through September 2016 the COOL Division auditors conducted supplier traceback audits (STA) on 75 covered commodities. The objective of COOL STA is to verify the accuracy of the country of origin and method of production information provided to retailers by their suppliers. Covered commodity items subject to STA were selected from documents relied upon at the point of sale and collected during COOL compliance retail store reviews conducted in FY 2015. The COOL Division first identified items at retail sale where two or more documents supplied to the retail store by suppliers conveyed conflicting COOL information (misbranded). During FY 2015 retail store reviews, 14 misbranded commodity items were included in the audit sample. The remaining commodity items were selected for audit by first calculating the percentage of each category sold at retail. The percentage of items audited among categories was determined by selecting an equal percentage of fruits, reducing the selection of vegetables, and increasing the selection of items from the other four categories (see Table 1) compared to their proportional representation at retail sale.



### Audit Findings

COOL Auditors cited 17 suppliers for findings of noncompliance, which involved 15 covered commodity items. Two items audited involved two citations issued to two supply firms for each item. Sixty audited items contained no findings.

**Table 1. Noncompliance (NC) by Commodity Group**

Commodity Group	Count of Items Audited	NC Findings Cited	NC as Percent of Items Audited
Fruit	17	6	35%
Vegetables	15	2	13%
Nuts & Ginseng	6	1	17%
Fish & Shellfish	16	7	44%
Chicken	10	0	0%
Lamb & Goat	11	1	9%
<b>Total</b>	<b>75</b>	<b>17</b>	<b>23%</b>

\*Among the five COOL covered commodity groups, fish and shellfish were most frequently cited for non-compliance, followed by fruits.

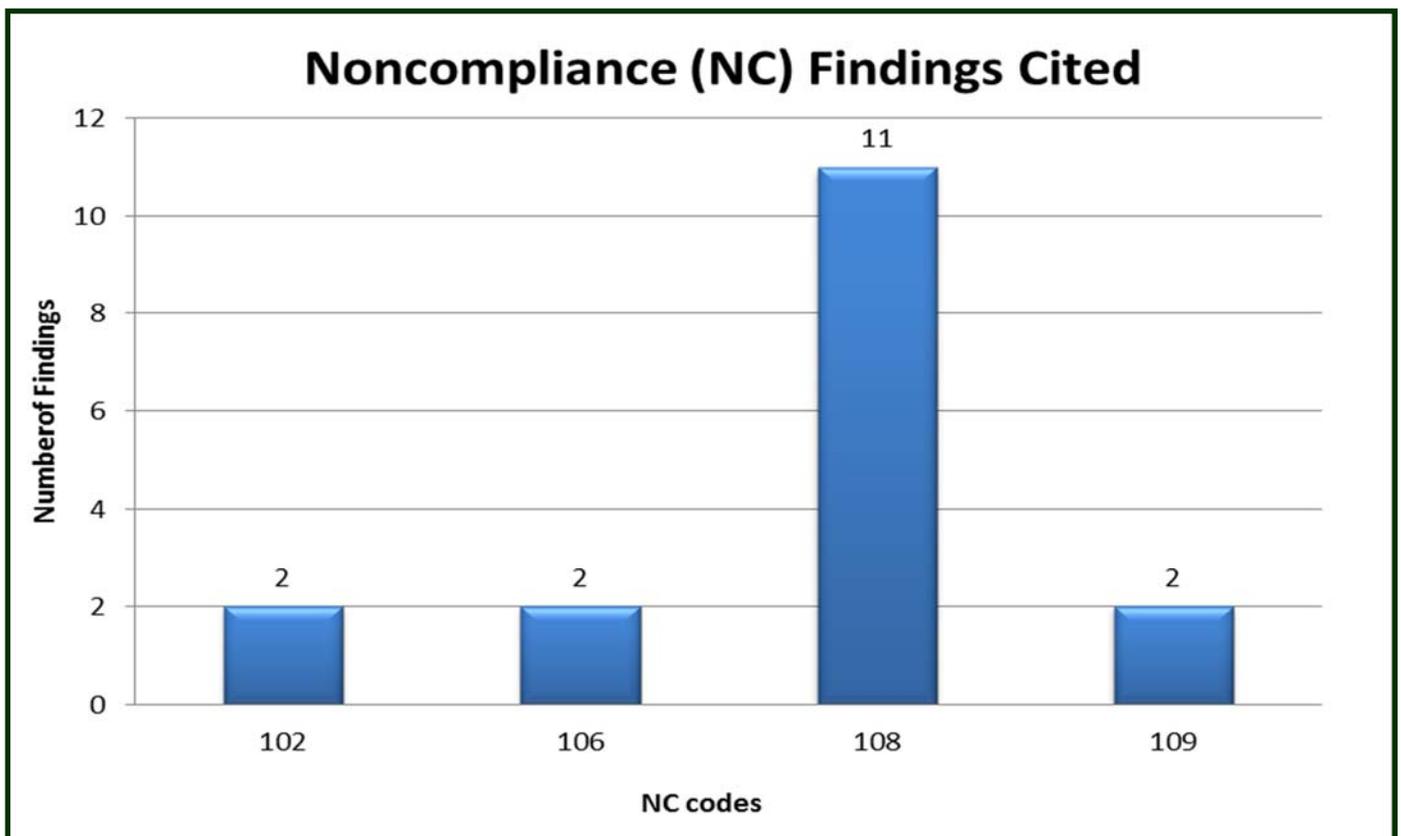


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The COOL Division issued a noncompliance letter to each supplier cited with findings of noncompliance (see Graph 4). The letters requested that each supplier reply with a description of corrective actions within 30 days from the date of the notice.



Graph 4: The COOL Division issued noncompliance codes (NC) for various supplier infractions against the COOL regulation. The four primary citations and their frequencies are displayed here. Two suppliers were cited for NC 102 because records were not provided within the required 5 business days. Two suppliers were cited for NC 106, supplier did not convey COOL information to the immediate subsequent recipient. Additionally, 11 suppliers were cited for NC 108, inaccurate COOL information provided to the immediate subsequent recipient. Two suppliers were cited for NC 109, supplier did not provide method of production (farm-raised or wild caught fish & shellfish) to the subsequent recipient of the covered commodity.

## Supplier Types Audited

There were 176 suppliers involved in the 75 STA conducted during FY 2015 to determine maintenance of records and accuracy of COOL claims by each firm (see Graph 5). Auditors terminated 6 audits of supply firms due to records exceeding the one-year retention period authorized by the final rule. The mean number of suppliers handling each covered commodity was 2.3 suppliers.



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**Intermediate Supplier** – Broker, warehouse, trader, and distributor that purchases a covered commodity and then sells the product without any further processing or handling.

**Repacker** – Any person who purchases a covered commodity that is already identified with the COOL information; repackages, reapportions, or commingles the covered commodity; and reapplies the COOL information on the product packaging or documentation. Repackers may also be considered Initiators when the final retail product contains commingled covered commodities that require new COOL information.

**Initiator** – Any person (including, but not limited, to functions such as harvester, processor, packer, and grower) who has firsthand knowledge of the covered commodity; and initially applies the COOL information to the covered commodity.

**Importer** – Any person who can provide documents that verify the country of origin declaration as approved by U.S. Customs and Border Protection at the time of importation to the U.S.

