



RECEIVED
C.F.T.C.

03-10
4

JUL 31 AM 10:07

Policy Secretariat

RECORDS SECTION

#300 7000 - 113 Street
Edmonton, Alberta
Canada T6H 5T6

Telephone 780/422-2070
Fax 780/422-6540
780/427-3005

July 30, 2003

Ms. Jean A. Webb, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

COMMENT

2003 JUL 30 PM 12:39

RECEIVED
C.F.T.C.

Dear Ms. Webb:

Re: CHICAGO MERCANTILE EXCHANGE (CME) LIVE CATTLE AMENDMENTS

These comments are in regard to the proposed regulation to amend the requirements of the CME's live cattle futures contract. The proposal would require that any cattle delivered on a futures contract be exclusively born and raised in the US. The reason given for the proposal is the mandatory country of origin labeling (COL) provision of the Farm Security and Rural Investment Act of 2002.

The Government of Alberta does not perceive a need to amend the live cattle contract in this way in order to be compliant with COL as mandated by the *Farm Security and Rural Investment Act of 2002 (FSRI Act)*.

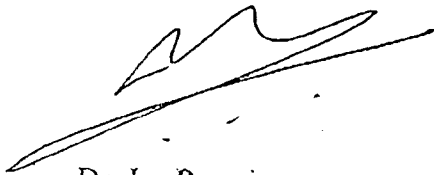
The mandatory COL provisions of the *FSRI Act* require retailers to label beef with its COL at the point of sale to the final consumer. The *FSRI Act* states that only beef exclusively from cattle that are exclusively born, raised and slaughtered in the US may be labeled as a "product of the US." The *FSRI Act's* requirement for COL, together with the definition of US origin, results in the need for information regarding where cattle were born and raised to accompany them through sale and processing in order that a retailer may label the resulting beef accurately. Indeed, the *FSRI Act* requires any person supplying beef to a retailer to provide the retailer with information indicating the COL of the beef. Given the definition of US beef in the *FSRI Act*, the place where cattle were born and the place or places in which cattle were raised must be known in order to label the beef resulting from the cattle.

The CME is correct in noting that mandatory COL will impact deliveries of live cattle on futures contracts. The CME has erred, however, in determining that mandatory COL requires that only cattle exclusively born and raised in the US may be delivered on a futures contract. Delivery of cattle on a futures contract should be regarded in the same

way as any other sale of live cattle. In order to satisfy the COL requirements of the *FSRI Act* information regarding the country of birth and country or countries of rearing must be exchanged between buyers and sellers of live cattle. Requiring such information to accompany cattle delivered on a futures contract is sufficient to enable retailers to comply with mandatory COL. Thus, cattle born in Mexico and raised in the US could be delivered against a futures contract as long as the country of birth (Mexico) and country of raising (US) were clearly recorded and transmitted to the buyer.

The Government of Alberta finds the proposed change to the requirements of the live cattle futures contract excessive. Requiring sellers to provide information regarding the country in which cattle were born and the country or countries in which cattle were raised is sufficient to meet the mandatory COL provisions of the *FSRI Act of 2002*.

Sincerely,



Dr. Joe Rosario
Executive Director, Policy Secretariat
Alberta Agriculture, Food and Rural Development