

CCA calls for action against mCOOL

February 24, 2009

Calgary – The Canadian Cattlemen's Association met with Government of Canada officials today to discuss new voluntary guidelines suggested by United States (U.S.) Secretary of Agriculture, Thomas Vilsack, in conjunction with the final rule implementing U.S. mandatory Country-of-Origin Labelling (mCOOL), which takes effect March 16, 2009. If adopted, these substantive changes will further disrupt cattle and beef trade between Canada and the U.S. CCA is calling for the Canadian government to undertake all available actions, including an early resumption of a World Trade Organization (WTO) challenge against these U.S. trade-restrictive actions.

While Secretary Vilsack is not immediately revising the final rule, published in January 2009, he communicated to the U.S. industry that he expects adoption of his suggested voluntary guidelines. Vilsack added that if these substantive changes don't take place, then he will amend the rule to enforce the changes.

CCA President, Brad Wildeman, notes that the guidelines substantially change the intent of mCOOL's final rule. "In our view, the guidelines, as written, will be worse than the interim final rule that the Government of Canada was challenging through the WTO. The implications for the industry on both sides of the border are significant. If the Secretary's suggestions are adopted, either 'voluntarily' or through subsequent rulemaking, the rule will become even more onerous, costly and impractical than it is now, and extremely trade disruptive. The threat of forcing 'voluntary' compliance is tantamount to creating a de facto rule that's very damaging to Canada's red meat industries, as the U.S. industry will likely ease their compliance burden by avoiding purchase of imported animals and beef."

The Secretary's February 20th letter to the U.S. industry suggests that adoption of these voluntary guidelines indicates that the U.S. Department of Agriculture (USDA) plans to audit companies to determine compliance. If compliance is not found, then the USDA would re-open the mCOOL rule to give the suggestions the force of law.

The guidelines change:

- Multiple country labels - specifically state the country where each production step took place. For example - if born and raised in Country X, and slaughtered in Country Y; or born in Country X, but raised in slaughtered in Country Y, then labels should clearly reflect this.
- Processed meats - label all cooked, cured, and smoked products, not comminuted, e.g. canned ham, etc.
- Inventory window on ground beef - adopt a 10-day window, rather than 60-day.

Wildeman added, "This latest action by the USDA exacerbates the already clear U.S. violation of the North American Free Trade Agreement (NAFTA) and WTO trade rules. When the final rule was adopted by the Bush administration in January, we felt a pause in Canada's trade challenge was in order to evaluate the market response. But this latest protectionist action makes it very clear that Canada must use every tool to challenge actions and policies that will harm the Canadian industry. It's obvious that the U.S. has no intention of creating a workable solution for the industry. When the interim final rule was released in September 2008, many U.S. packers decided that the easiest way to comply was to no longer process cattle finished in Canada. We had hoped that this would turn around with the final rule. Not only is this U.S. action harming Canada's red meat industry, but it will ultimately impair the global competitiveness of the majority of our U.S. counterparts, who wanted to avoid the significantly increased costs of handling cattle imported from foreign markets."

The Government of Canada initially launched a WTO trade challenge against the mCOOL in December 2008. Upon release of the final rule, Canada suspended its WTO challenge to assess its impact, since the added flexibility of the final rule appeared to make an effort to create a more workable trade environment.

"The Government of Canada hasn't been afraid to ignite trade action to defend Canadian producers in the past," said Wildeman. We have no doubt the federal government will continue to deliver strong action to oppose any unfair implementation of COOL."

For more information on implications of mCOOL to Canada – U.S. trade of Canadian cattle and beef, visit our website: www.cattle.ca.

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