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House and Senate Conferees;

The United States Cattlemen's Association (USCA) listened carefully to opening statements given by farm bill conferees during the conference session held Wednesday, October 30. Based on several of the comments made by conferees with regard to their intention of intervening legislatively to repeal the U.S. country of origin labeling (COOL) law, and what that action is apparently predicated upon, USCA is concerned that false information about COOL is influencing conferees. We wish to respectfully set the record straight with factual information on several points.

The WTO Process: The U.S. amended its COOL regulations on May 23, 2013 to address an adverse WTO Appellate Body decision. The modification was undertaken within the reasonable period of time provided by the WTO decision. Importantly, the WTO decision recognized the right of nations to provide information to consumers but found certain problematic issues. The USDA and USTR have each indicated that the revised regulations bring the U.S. into compliance with our international obligations. Recently, Canada and Mexico requested a WTO compliance panel review and that process is currently underway. Under the WTO rules, those countries have the right to request such a review of whether the U.S. actions bring it into compliance. When the compliance panel report is issued, there is an opportunity for any or all of the parties to appeal the report to the WTO Appellate Body. Thus, Canada, Mexico and the U.S. will now have an independent WTO evaluation of the revised regulation's compliance. We are confident that the regulations bring the U.S. into compliance with the previous WTO ruling. And, as previously noted, the Department of Agriculture (USDA) and the U.S. Trade Representative (USTR) have indicated the same. If the WTO compliance panel rules that the U.S. regulations are compliant with our trade obligations, **no retaliation by our trading partners is allowed**. Congress should not act in the Farm Bill conference process to modify COOL. The WTO process should be allowed to play out.

Retaliatory actions by our trading partners: COOL opponents consistently use the fear of possible retaliatory actions by our trading partners as a tool to influence policy-makers and we wish to address this. The process surrounding retaliation by a trading partner where a country has not brought itself into compliance is itself prescribed by the WTO rules. If the U.S. is found to be non-compliant with our trade obligations regarding COOL and if Canada and/or Mexico choose to impose retaliatory sanctions, the amount of retaliation authorized is subject to arbitration at the WTO. The notion that retaliatory sanctions could happen overnight and without controls or limitations is simply not accurate. While Canada has released a "preliminary retaliation list," such lists are not unusual by trading partners trying to apply political pressure by causing concern among industries not directly involved in the dispute. The publication of a list does not equate to a right to retaliation or to a correct calculation of what level of retaliation would be authorized if non-compliance was found. USDA, USTR and many agricultural and consumer groups believe the revised COOL regulations are fully consistent with our WTO obligations. If that is correct, no retaliation will be authorized. Period. Any legislative action can await the outcome of the current WTO action and can be taken in accordance with existing U.S. statutory procedures.

Reducing Consumer Confusion: In April 2013, a nation-wide coalition of 229 farm and ranch, rural, faith, environmental and consumer organizations wrote a letter to Secretary of Agriculture Tom Vilsack supporting USDA's revisions to COOL regulations so that consumers would be provided with additional and more accurate information about the origin of food. Indeed, it has been proven in survey after survey that U.S. consumers generally want more information provided about where their food is from. Reducing consumer confusion as to the origin of product is an important objective for COOL and it is one that has worked well for most products subject to COOL. The revised COOL regulations offer the same opportunity to the meat sector.

COOL opponents argue that the COOL statute should be changed to allow foreign beef harvested in the U.S. to qualify for the U.S. single-origin label. This would not be consistent with what consumers have asked for. It is also not what is required by the prior WTO dispute panel ruling.

COOL Legal Challenge: Nine groups have sued in U.S. District Court to block COOL. They have yet to establish with the court any right to a delay in the implementation of COOL. Plaintiffs' motion for a preliminary injunction has been denied and their motion for an expedited hearing in an appeal of that ruling has also been denied. On behalf of U.S. cattle producers and other groups who support COOL, USCA is a defendant-intervenor in this lawsuit along with National Farmers Union, American Sheep Industry Association and Consumer Federation of America. This process, too, should be allowed to play out without Congressional intervention.

COOL in the U.S. is not a new concept; it dates back to the late 1800's and is practiced in every modern country today. USCA disagrees that COOL will require more floor space for packers or places an undue burden on packers. With over 100 different branded beef programs in existence today and several different USDA quality grades, meat packers already sort cattle and carcasses multiple ways. USCA urges conferees to refrain from taking any legislative action to repeal or alter COOL. Thank you for your consideration.

Respectfully,

Jon Wooster
President
United States Cattlemen’s Association