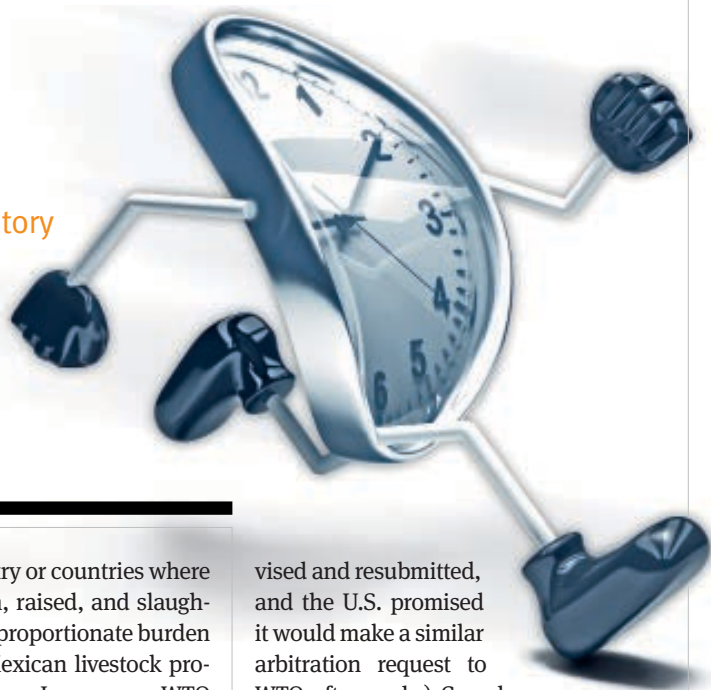


# Washington Report

## COOL Running Out Of Time?

As Canada and Mexico prepare to impose retaliatory tariffs on U.S. exports, many question whether COOL is truly a food safety issue and wonder why other countries have mandatory COOL requirements without facing any dispute

BY TED AGRES



Attention is shifting to the Senate at press time as the last best hope for averting a potential estimated \$3.7 billion in annual retaliatory tariffs against the U.S. imposed by Canada and Mexico. While the final monetary amount remains to be determined, tariffs have been authorized by the World Trade Organization (WTO) in response to U.S. mandatory country-of-origin labeling (COOL) requirements on retail sales of fresh beef and pork.

In June, the House of Representatives voted to repeal provisions of the U.S. COOL law by a vote of 300-131. The bill ([HR 2393](#)), removes COOL labeling requirements not only for beef and pork but also for ground beef and poultry, even though the original complaint did not involve chicken and WTO has ruled that origin labeling for ground beef was permissible. The Senate Agriculture Committee held a [hearing](#) on COOL in June but has not taken further action. Whether there are enough votes to pass repeal legislation in the Senate is doubtful, and sentiment seems to favor making COOL provisions voluntary. But unless legislation is enacted soon, the door remains open for retaliatory measures to be imposed as early as summer's end.

In May, the [WTO ruled](#) for the fourth time in as many years that the U.S. COOL law, which requires retail label information

specifying the country or countries where an animal was born, raised, and slaughtered, imposes a disproportionate burden on Canadian and Mexican livestock producers and processors. In essence, WTO said that COOL was discriminatory because live cattle and hogs imported from those countries must be segregated from U.S. herds, adding to production costs.

Canada is seeking more than \$3 billion in annual compensatory tariffs and Mexico is seeking more than \$653 million. Canada has indicated it would impose hefty import fees on a broad array of U.S.-made products. Previously issued lists included items from seemingly every state, including beef, soybeans, chocolate, ketchup, frozen orange juice, wine, apples, cherries, and even manufactured goods such as stainless steel pipes, chairs, and even mattresses. A complete list including tariffs from Canada is said to be forthcoming. Mexico has yet to finalize its list, "but we expect it to be just as damaging," says Senate Agriculture Committee chairman Pat Roberts (R-KS). "The U.S. economy cannot tolerate such economic injury."

In June, WTO agreed to a U.S. request for it to arbitrate Canada's monetary claim based on the U.S. contention that the analysis of economic damages was flawed and excessive. (Mexico's retaliation request contained technical errors and was to be re-

vised and resubmitted, and the U.S. promised it would make a similar arbitration request to WTO afterwards.) Canada dismissed the U.S. arbitration request as a delaying tactic.

"In all previous rulings, the WTO has found Canada's economic analysis regarding COOL to be robust," said Gerry Ritz and Ed Fast, Canada's ministers of agriculture and international trade, respectively. "The only way for the United States to avoid billions in retaliation by late summer is to ensure legislation repealing COOL passes the Senate and is signed by the President," they said in a [joint statement](#). WTO's ruling regarding the economic value of the tariffs is expected by summer's end.

### COOL and Food Safety

Often overshadowed in the debate over high-stakes tariffs and trade retaliation is the extent to which COOL's labeling requirement actually supports food safety or enhances consumer choice. Those supporting the law's repeal, including some meat producers, ranchers, produce groups, and others, claim COOL was never intended to foster food safety.

"Everyone knows this is not about food safety. It's an issue of marketing, and that

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should be decided in the marketplace,” says Barry Carpenter, president and CEO, North American Meat Institute. “We hope the Senate will move quickly to vote for repeal so the president can sign the bill and put this failed experiment behind us.”

“Mandatory food labeling is not about food safety,” said Rep. Dan Benishek (R-MI) during floor debate in the House in June. “No matter where our food comes from, regulations remain in place to ensure safety and traceability regardless of origin.”

The COOL Reform Coalition, an umbrella group of more than 100 associations and companies supporting repeal, said “it is grave and disheartening that the federal government has risked a serious self-inflicted wound to the American economy over a meat labeling rule that has nothing to do with food safety.”

But Jaydee Hanson, senior policy analyst at the Center for Food Safety, says, “knowing where food came from helps speed the process of tracing the source of a food issue,” such as *E. coli*.

Long-time food safety advocate Rep. Rosa DeLauro (D-CT), said the House’s decision to repeal COOL flies in the face of free markets and consumer choice. “People deserve to know where their food comes from,” DeLauro said during House debate. “American farmers and ranchers deserve the opportunity to distinguish their products. It is an economic truism that complete and accurate information is one of the cornerstones of a free market.”

A 2013 survey conducted by the Consumer Federation of America found that 90 percent of Americans favored a mandatory country of origin labeling on fresh meat. “If Congress repeals COOL, then the next time consumers go shopping for a steak or chicken for their families, they won’t be able to tell where that product came from,” says Chris Waldrop, director of the federation’s Food Policy Institute. “That’s completely unacceptable. Consumers want more information about their food, not less.” Citing the survey, Rep. Jim McGovern (D-MA) says the House’s rush to repeal COOL amounted to, “We don’t really care what the American people want. We’re just going to cave.”

The COOL provisions are included in farm bills passed in 2002 and 2008 and were enacted in 2009. A congressionally

mandated [economic analysis](#) produced for USDA in April 2015 concluded there was “no measureable benefit” to consumers from mandatory COOL requirements. The report, prepared by agricultural economists from Kansas State University and the University of Missouri, concluded that “measurable economic benefits from mandatory COOL would be small.” In addition, they also found “little evidence that consumers would be likely to increase their purchases of food items bearing U.S.-origin labels.”

“While the economic benefits of COOL may not translate into measurable increases in market-level consumer demand, USDA’s regulatory impact analyses and numerous comments received on the regulatory proposals indicate substantial interest in COOL,” the report stated. “A consumer’s right to know benefits those consumers who desire COOL information.”

The Senate must take action on COOL before Canada and Mexico impose retaliatory tariffs, says Roberts. He had hoped the Senate Agriculture Committee would hold markup hearings on a repeal bill before Congress adjourned for summer recess in August.

Ranking committee member Sen. Debbie Stabenow (D-MI) in June introduced a [draft proposal](#) that would repeal mandatory labeling for beef and pork and allow voluntary labeling for meat products exclusively of U.S. origin. While some lawmakers saw promise in the compromise, others did not. “Making COOL labels voluntary does not automatically eliminate trade disputes,” says Food & Water Watch executive director Wenonah Hauter. “Voluntary COOL is indistinguishable from total repeal,” she added. “Meatpackers won’t use it, consumers won’t see it, and U.S. farmers and ranchers won’t benefit from it.”

### European, Australian COOL

In her comments on the House floor, DeLauro noted that more than 60 other countries require mandatory labeling. COOL for beef has been required by several European countries for nearly a decade. The European Commission enacted a [new rule](#) effective April 1, 2015 that all packaged, unprocessed fresh, chilled, and frozen swine, sheep, goats, and poultry must carry labels requiring “the place of rearing and the place of slaughter.”

“Today’s consumers...increasingly want clearer and more understandable food labeling to help them make informed choices on the food they eat,” the European Commission said in an [explanatory memo](#). “Those rules intend to protect consumers from misleading origin indications and will ensure a level playing field between food business operators.”

Australia is considering similar labeling requirements, even though it was a signatory to Canada’s and Mexico’s WTO complaint. “For too long people have been talking about country of origin food labeling, and nothing much has changed,” said Prime Minister Tony Abbott in February, following an outbreak of Hepatitis A from frozen berries imported from China. “Whenever we have a problem with imported food in particular, people want to know more about where their food’s coming from,” Abbott said. “It’s important that we grasp this particular nettle and actually make a difference.”

Why no one seems to be complaining about the European Union’s (EU) and Australia’s labeling efforts or why Canada and Mexico did not complain about U.S. fish or poultry is not easily answered. “Perhaps the recordkeeping/verification requirements of the U.S. are more burdensome than those of the EU, or Canada and Mexico simply don’t see the EU as being as much of a threat as the U.S.,” speculated David Acheson, MD, founder and CEO of The Acheson Group and a former FDA associate commissioner for foods, in an [online post](#). “Perhaps it is simply lobbying and politics?”

Regardless, Dr. Acheson doesn’t see COOL as being primarily a food safety issue because of the level of control that USDA’s Food Safety and Inspection Service already has over imported meat and poultry, as compared to the controls FDA will have over other imported foods under the Food Safety Modernization Act once those rules are finalized. “From my perspective, I want to see food companies spend money on controlling real food safety risks based on priority—not on areas where risks are minimal to none. The public and private sectors only have limited food safety resources, so let’s not squander them on areas of very little return,” Dr. Acheson said. ■

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