



# Beef Business

► A look at current issues affecting the cattle industry. Compiled by *Kasey Brown*, associate editor

## WTO announces final retaliation amounts to COOL

The World Trade Organization (WTO) announced that it is authorizing Canada and Mexico to move forward with a combined \$1,009,760,000 in retaliatory tariffs in response to U.S. noncompliance on country-of-origin labeling (COOL) for muscle cuts of beef and pork. The COOL Reform Coalition, representing more than 140 companies and associations from a broad spectrum of industries, strongly urged Congress to repeal immediately the noncompliant provisions of the law and to honor our international trade obligations.

Without legislation to repeal COOL, retaliation is set to begin in mid-December.

The Coalition's position is that this announcement signals that the United States has run out of time on the issue. Retaliation could start within days, posing a very real threat to our economy and thousands of American jobs. Unless Congress acts now, companies that export to our two largest trading partners are in jeopardy of losing significant market share that will be difficult to regain.

National Cattlemen's Beef Association (NCBA) President Philip Ellis said that immediate action is needed by the Senate or retaliation against U.S. exports will soon follow.

"The WTO ruled that the U.S. COOL rule has cost Canadian and Mexican livestock producers in excess of \$1 billion over the past seven years, and has authorized that amount in retaliatory tariffs," said Ellis. "If the Senate does not act, U.S. beef exports will face a 100% tariff in these countries, severely diminishing about \$2 billion of beef exports annually."

This announcement is the final step in a WTO dispute that has been ongoing for more than seven years. Despite efforts by the USDA to amend the rule, the WTO has repeatedly ruled that the U.S. COOL rule discriminates against imported livestock in violation of our trade agreements. The loss of the Canadian and Mexican markets is expected to cost U.S. beef producers 10¢ per pound immediately.

"The COOL rule has been a failure on all accounts; it has cost our livestock industry billions in implementation, it has violated our trade agreements with two of our largest export markets, it has resulted in the closure

of several U.S. feedlots and packing facilities, and it has had no effect on the price or demand for U.S. beef," said Ellis. "The House voted in an overwhelming bipartisan vote of 300-131 to repeal COOL and it is time for the Senate to do the same before retaliation damages the entire U.S. economy and irreparably harms our strongest trading relationships."

Canada has announced a comprehensive list of products they intend to retaliate against, including U.S. beef and pork, and grains, fruits and manufactured goods. Under WTO retaliation procedures, Canada and Mexico can also carousel the products they retaliate against, choosing to target certain products during parts of the year. That would maximize the damage to the entire U.S. economy.

"America's cattlemen and women produce the best beef in the world, but we do not support this mandate from the federal government to market our product," said Ellis. "Retaliation is no longer a far-off possibility, it is now a reality."

### Continued support

United States Cattlemen's Association (USCA) President Danni Beer urged lawmakers and cattle producers to continue to stand strong in their support of COOL, in spite of WTO's announcement on acceptable retaliatory tariffs by Mexico and Canada.

Beer said, "[This] ruling represents a reduction of approximately \$2 billion from the originally submitted claims by Canada and Mexico in the form of retaliatory tariffs against COOL. The new figure of \$1.01 billion still falls short of providing an accurate representation of the actual 'harm' to Mexico and Canada via COOL; especially given the stable and even increased beef imports from Canada to the U.S. While still an inaccurate representation of the market, [the] announcement and reduction of initially inflated figures provides a starting point for discussions."

Beer continued, "The WTO announcement does not set an immediate

tariff on any goods. Rather, Canada and Mexico must now request authorization from the Dispute Settlement Body to allow any retaliatory actions to occur. This is not an overnight process and USCA will continue to work with Congress and the Office of the U.S. Trade Representative (USTR) to achieve a workable solution to COOL."

"USCA is committed to exhausting all efforts on this issue and remain supportive of

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**— Philip Ellis**

the Stabenow-Hoeven approach to COOL which is still on the table," Beer added. "The voluntary option on COOL provides a commonsense solution to COOL. The ability to maintain the integrity of COOL while adhering to WTO parameters is a workable solution for U.S., Mexico and Canada cattle producers."

"[This] announcement is an affirmation of USCA's initial doubts

regarding the legitimacy of Canada and Mexico's claims against COOL. The ability to keep COOL and an accurate 'U.S. Beef' label is still a realistic option and producers across the country must now stand strong in support of the Hoeven-Stabenow voluntary COOL approach," she concluded.

National Farmers Union (NFU) President Roger Johnson denounced WTO's finding, calling the process "inefficient and ineffective," and pointed to the immediate passage of voluntary COOL to render the WTO decision moot.

"[This] decision to allow Canada and Mexico to impose \$1.01 billion in retaliatory tariffs is yet another symptom of the inefficiencies and ineffectiveness of the WTO," said Johnson. "Time and again the WTO process has undermined U.S. sovereignty and the right of American consumers to know the origin of their food. Congress now only has one clear path forward for ensuring U.S. regulations are in compliance with the WTO while preserving a meat label with integrity, and that solution is voluntary COOL."

He added that the WTO decision to allow

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Canada and Mexico to impose \$1.01 billion in retaliatory tariffs against the United States is a far cry from the \$90 million figure provided to the panel by the USTR in early August. Johnson said that such a high number is representative of the WTO's ineffectiveness to provide sufficient guidance for ensuring laws are in compliance.

"The WTO rules without precedent and continues to undermine laws and regulations that benefit society," said Johnson. "The U.S. tried to ensure COOL regulations were in compliance, but received insufficient guidance and consequently could be on the hook for exaggerated damages."

Johnson noted that the decision underscores the immediate need for the United States to pass voluntary COOL, which has already received thumbs up from the USTR, Canada and several multinational meatpackers.

"Voluntary COOL will solve the trade dispute once and for all, while protecting the integrity of the COOL label by defining what a 'product of the U.S.' is," said Johnson.

Swift action from Congress is needed to avoid the \$1.01 billion in retaliatory tariffs that are now approved by the WTO.

Sources: *COOL Reform Coalition, NCBA, NFU and USCA.*

### **AMS strengthens USDA Process Verified Program**

For almost 20 years, USDA's Agricultural Marketing Service (AMS) has administered the Process Verified Program (PVP) to help agricultural suppliers differentiate their products in an increasingly competitive marketplace. The changes announced today build on that strong tradition by providing the public with even greater transparency and confidence in the "USDA Process Verified" shield.

"As consumers demand additional information about food products, more and more companies are turning to USDA's Process Verified Program to effectively communicate about specific production practices and marketing claims," said Craig Morris, deputy administrator of the AMS Livestock, Poultry and Seed Program. "The changes are part of our commitment to continuous improvement, ensuring consistency and providing consumers with even more information about exactly what PVP-audited marketing claims mean."

First, to ensure consistency, increase efficiency, and protect the integrity of the PVP, AMS moved the program to a single-management structure that works across commodity programs. By providing uniform

requirements and auditor procedures, this guarantees that the USDA Process Verified shield represents the same level of transparency and independent USDA verification regardless of the product.

In addition, the USDA PVP will now require any marketing claim or verified process point to be clearly defined, in plain language, on the USDA website. All products with the USDA Process Verified shield will also display the website address, so that consumers can easily find additional information about the actual meaning of any marketing claims or process points.

Both of these changes increase transparency and accountability by making it easier for consumers to understand the meaning of PVP-approved marketing claims. Consumers can be confident that labeling claims associated with the USDA Process Verified shield are subject to rigorous, on-site, third-party audits conducted by independent federal employees.

In turn, companies can assure customers that USDA has independently verified that their quality management systems meet the highest international standards. This allows companies to effectively communicate about specific production practices and marketing claims — from antibiotic use in animal agriculture to genetic modification of grains — that are important to consumers.

Learn more at <http://processverified.usda.gov/>.

Source: *USDA.*

### **Private property rights threatened by president's threat to veto Red River Bill**

The White House issued a statement threatening a veto of Rep. Mac Thornberry's (R-Texas) bill, *H.R. 2130, the Red River Private Property Protection Act*. NCBA President Philip Ellis called the veto threat another example of egregious federal overreach.

"The president's threat to veto the *Red River Private Property Protection Act* is par for the course for this administration, and it is yet another example of our executive branch's blatant disregard for private property rights and commonsense compromise. This bill would settle the dispute over 90,000 acres [of] land along a 116-mile stretch of the Red River the Bureau of Land Management claims may be considered public domain by requiring a survey of the contested area to be completed within two years and approved by the states of Texas and Oklahoma.

He continued, "For more than 100 years, private land-owners have owned, successfully managed, and paid property taxes on lands along the Red River. This veto threat is no more than the White House asserting another federal land grab, usurping private-property rights. If left unchecked by Congress, it sets a precedent that the Secretary of Interior can lay claim to private land without legal consequence, due process or just compensation."

Public Lands Council President Brenda Richards echoed Ellis' thoughts:

"Once again, this administration is erroneously arguing that the Secretary of the Interior has the unimpeachable authority to tell Americans where their private property rights begin and end. Ranchers in the West have dealt with this type of federal overreach for years, and it's distressing to see the administration attempt to expand federal estate in areas of clear private-property ownership."

Source: *NCBA.*

### **Central resource for interstate livestock movement**

The National Institute for Animal Agriculture (NIAA) and the U.S. Animal Health Association (USAHA) announce the availability of their new website dedicated to simplifying interstate travel requirements for producers, veterinarians and marketers doing business across state lines.

*InterstateLivestock.com*, powered by Trace First, makes it simple to find health requirements before traveling. Users enter their origin, destination and species, and the website gives a comprehensive list of requirements. By entering their location, they can also find the nearest approved tagging site. The site currently includes cattle regulations in its first phase, with other species planned in the future.

The site is a result of collaboration with state animal health officials to provide accurate results for movement regulations, particularly after hours. The 24/7 access is intended to give instant access to the information and support animal health protection across the United States.

The new website was unveiled at the 119th USAHA annual meeting in late October.

Source: *National Institute for Animal Agriculture.*

