# Support for COOL

## R-CALF USA Convention attendees reaffirm support for mandatory COOL and discuss other critical issues facing industry.

At its 16th annual convention and membership meeting in Denver, Colo., Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA) members tackled several tough issues facing the U.S. cattle and sheep industries. Among those issues was mandatory country-of-origin labeling (COOL). Two new resolutions regarding COOL passed the first phase of R-CALF USA's resolution adoption process.

The first COOL resolution reflected the group's serious concern that the World Trade Organization's (WTO's) adverse ruling against COOL was both improper and an encroachment on U.S. sovereignty.

The group wrote, "Whereas, the WTO has ruled against the sovereignty of the United States' consumer using a conflicted panel with a plaintiff trade representative as a judge;

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### Top 10 reasons independent U.S. cattle producers support mandatory COOL

Detractors of the United States' country-of-origin labeling (COOL) law are reenergized as a result of a recent World Trade Organization (WTO) ruling that determined that COOL violates international trade laws because it results in foreign livestock being treated differently than U.S. livestock.

Despite polls indicating overwhelming support for COOL, and although the WTO dispute process has not yet concluded, Congress worked feverishly before the August recesses to either repeal COOL or to weaken it by establishing a wholly voluntary program in its place.

Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA) CEO Bill Bullard said the WTO has scheduled a hearing in mid-September during which the U.S. Trade Representative (USTR) is expected to argue that damage claims made by Canada and Mexico in the COOL dispute are overstated by nearly 98%.

R-CALF USA issued the following top 10 reasons independent U.S. cattle producers support the mandatory COOL law. Bullard said the reasons also serve to explain why Congress should reverse its anti-COOL position and begin to steadfastly defend the United States' sovereign right to inform consumers as to the origins of their beef, pork and chicken.

**1. COOL creates marketplace competition.** Without COOL, packers unilaterally decide when to source U.S. cattle and when to source foreign cattle. With COOL, consumer buying preferences tell packers when they must source U.S. cattle to satisfy the growing demand for USA beef. With COOL, U.S. cattle are no longer a generic commodity.

**2. COOL empowers consumers to decide whether foreign food safety standards are good enough.** The United States no longer requires food-safety systems in foreign packing plants to be at least equal to the United States, and it no longer conducts monthly inspections of foreign packing plants. The United States only requires foreign safety systems to be equivalent and inspections to be conducted periodically.

**3. COOL ensures U.S. producers a more competitive allocation of beef profits.** Without COOL, packers exploit the generic nature of cattle by deflecting profits away from U.S. producers and sharing them with foreign producers. With COOL, profits from USA beef are allocated directly to U.S. cattle producers. This is why the cattle producers' share of each consumer beef dollar jumped to a 20-year high in 2014 — COOL caused a more competitive allocation of beef profits.

**4. COOL provides consumers with marketplace choices.** Because COOL distinguishes U.S.-produced beef from foreign beef produced in the 14 foreign countries that import beef into the United States, consumers can, for example, choose if they want their beef produced in Honduras, Nicaragua, Guatemala, Mexico or the United States.

**5. COOL empowers consumers to be patriotic.** Approximately 18% of the beef in the U.S. market is imported beef. When consumers purchase imported beef, their dollars support foreign cattle producers. Only with COOL can consumers direct their food dollars to support U.S. farmers and ranchers by purchasing beef that is exclusively born, raised and slaughtered in the United States.

**6. COOL helps reduce the mounting trade deficit with Canada and Mexico.** While it is true that Canada and Mexico are the second and third largest export markets for U.S. beef, respectively, it also is true that the U.S. imports far more beef and cattle from Canada and Mexico than it exports to them. In 2014 the U.S. deficit with Canada and Mexico was $2.3 billion in the trade of cattle, beef, beef variety meats and processed beef. The United States has had a trade deficit with Canada and Mexico in each of the past 25 years and the cumulative value of that deficit is $27.9 billion.

**7. COOL eliminates consumer deception.** United States law requires all beef produced in both foreign and domestic packing plants to be labeled with a U.S. inspection sticker if the plants are certified to sell beef in the U.S. market. This prominent U.S. inspection sticker misleads consumers into believing the product is of U.S. origin. Only with COOL can consumers ascertain the true country-of-origin of their beef purchases.

**8. COOL empowers consumers to respond immediately to emerging diseases.** Without COOL, if a disease outbreak is reported in a foreign country, consumers would not know if they were purchasing beef from the affected country unless a recall is issued that identifies the lot numbers on affected beef packages. With COOL, consumers can immediately identify beef products originating from the affected country and can immediately choose to avoid them.

**9. COOL helps confine the market impacts of a disease outbreak.** Without COOL, if Honduras, Brazil or Costa Rica, for example, reported a disease outbreak with human implications, such as bovine spongiform encephalopathy (BSE), the only way consumers could avoid beef from the affected country would be to cease purchasing all beef. With COOL, a disease outbreak in a foreign country could be confined to only products imported from that country, and consumers could continue purchasing beef produced in the United States or another unaffected country.

**10. COOL helps to stop packers from breaking the U.S. cattle market.** Without COOL, packers can decide to increase imports of cheaper live cattle from Canada and Mexico today, or from Argentina, Brazil, Uruguay and Australia sometime in the future, for the purpose of reducing demand for U.S. cattle and lowering their price (note that Brazilian cattle are one-half the price of U.S. cattle). With COOL, consumer demand for USA beef can only be satisfied with U.S. cattle and this will prevent packers from substituting foreign cattle for domestic cattle to satisfy that demand.

***— provided by R-CALF USA***

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be it resolved that R-CALF USA calls for the president and Congress to immediately withdraw the U.S. from the WTO."

The second COOL resolution addresses one of the factors the WTO cites as a contributor to the discrimination of foreign livestock — the fact that while the origins of all livestock are being reported, only about one-half of all beef sold in the United States is actually required to be labeled under the law. The reason for this is because commodities sold at restaurants or as ingredients in processed food items are exempt from the law's labeling requirements.

The group's members affirmed that they "support expanding the mandatory country-of-origin labeling to include all meats and meat products at all points of sale, so that the consumer will be fully informed about the origin of their food."

In response to U.S. Agriculture Secretary Tom Vilsack's pending final rule to allow the importation of fresh beef from Argentina and Brazil, countries that are known to harbor the live foot-and-mouth disease (FMD) virus, the group passed a strong resolution in opposition to the secretary's plan. The resolution states that no imports of cloven-footed animals or fresh meat products from such animals should be allowed from any region where the presence of FMD is known or suspected or from regions that are not free of FMD without vaccination.

### Other issues

In direct response to the presentation by Wyoming rancher and attorney Tracy Hunt that disclosed his view of the motivation behind the Global Roundtable for Sustainable Beef (see "Issues Abound"), the group expressed its outrage toward the corporate-led effort to control the U.S. live cattle supply chain. It did so by passing a resolution that denounced the Global Roundtable for Sustainable Beef (GRSB).

Two additional resolutions were passed that addressed specific private property rights concerns. The first opposes the listing of sites on the National Register of Historic Places without first obtaining written consent from

## Issues Abound

*Speakers deliver during R-CALF USA's 16th Annual Convention.*

Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America's (R-CALF USA's) two-day convention in Denver, Colo., was jumpstarted by Angus McIntosh, who has served as an expert witness in nationally renowned private property rights lawsuits. McIntosh provided a detailed analysis of the process the courts have used to confirm that western ranchers have acquired significant property rights on lands that they graze, but that the federal government manages under what is called a split estate.

McIntosh also explained why farmers and ranchers east of the 100th Meridian should be concerned about the federal government's efforts to restrict western ranchers' water rights, grazing rights, and easement and right-of-way rights acquired on federally managed lands.

McIntosh exclaimed, "If they (government officials) can take property rights away from westerners because of endangered species or a potential endangered species, then they can start to tell you how to farm in the east using the same factors."

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> ***— Angus McIntosh***

### Foot-and-mouth disease

Former R-CALF USA President and veterinarian Max Thornsberry told attendees that the USDA has completely changed the way it addresses foot-and-mouth disease (FMD). He explained that the USDA has changed its past focus of keeping FMD out of the United States to its new focus of trying to facilitate more trade even with disease-affected countries.

"Many U.S. veterinarians have never seen FMD because we have done everything in our power to keep the disease out," but that is now changing, he said.

Thornsberry said if the USDA wanted to continue keeping FMD out of America, then it would not be trying to allow imports of fresh beef from Argentina and Brazil, which are countries where FMD is known to exist.

"It is absurd to say a state or region in Argentina or Brazil is FMD free because those countries lack critical infrastructure," he said, adding that many people in those countries are impoverished and lack access to staple foods.

Thornsberry urged attendees to help make the USDA understand that this is a mistake. "The USDA is turning everything that we did to protect our country upside down."

### Trade issues

Brian O'Shaughnessy, chairman of New York-based Revere Copper Products Inc., told attendees that his copper and brass sheeting and coil manufacturing firm faces the same trade challenges as do cattle producers.

O'Shaughnessy explained that the United States needs more good-paying manufacturing jobs so more consumers can afford to eat more beef at prices that support farmers and ranchers.

However, that is not the direction the United States has been heading, O'Shaughnessy said. "Since 2000, 30% of the manufacturing plants that Revere shipped to have shut down and/or moved offshore.

"We (the U.S.) got outsmarted when we decided to lower tariffs," O'Shaughnessy said. "The U.S. is about the only country actually practicing free trade."

O'Shaughnessy's presentation walked through the process of how nearly every country in the world, except the United States, implemented a value-added tax (VAT) at about the same time they agreed to lower tariffs. The new VAT, which is legal under the World Trade Organization (WTO), is then applied to imports. In addition, the revenues received by the VAT are used to offset major production costs for manufacturers, such as payroll taxes.

He said when VAT revenues from imports are used by mercantilist countries to offset their domestic production costs, the VAT functions just like a tariff.

"The VAT supports jobs and wages everywhere except here," he exclaimed. O'Shaughnessy said the group he co-chairs, the Coalition for a Prosperous America (CPA), has shared 13 critical

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the private property owner upon whose land the particular place of interest resides. The second is an attempt by the group to prevent members of Congress from using the National Defense Authorization Act (NDAA) to reauthorize such non-germane projects as historic preservation and environmental initiatives. The group states that the scope of the NDAA should be limited to the defense of the United States of America.

## Leadership

In addition to the initial passage of resolutions, the group also nominated three current R-CALF USA directors to serve a second term on the board. Those directors are R-CALF USA President Bryan Hanson from South Dakota, Director Alan Pruitt from North Carolina, and Director Jaime Oberling from Illinois.

To fill the director positions open because the current directors had served their maximum two terms, Montana rancher Jack Owen was nominated to replace Montana rancher Maxine Korman and Colorado rancher Gerald Schreiber was nominated to replace Wyoming rancher Taylor Haynes.

R-CALF USA is the largest producer-only cattle trade association in the United States. It is a national, nonprofit organization dedicated to ensuring the continued profitability and viability of the U.S. cattle industry. For more information, visit *www.r-calfusa.com* or, call 406-252-2516.

**Editor's Note:** *This article is provided by R-CALF.*

trade principles with members of Congress that, he said, would begin to put the United States back into a trade-competitive position.

Before closing, O'Shaughnessy explained why he and other manufacturers support the U.S. mandatory country-of-origin labeling (COOL) law. "The COOL law transcends everything because most Americans want to know where their food is produced."

R-CALF USA Sheep Committee Chair Bill Kluck described how America's rural economy could be boosted if the United States were to adopt trade policies to reverse the nation's dependency on imported lamb and wool. Kluck said that the unrestricted importation of Australian lambs at prices below the domestic cost of production is what caused the U.S. sheep flock to decline by millions of sheep, thus significantly reducing the nation's production capacity for lamb.

"It was the displacement of domestic production by cheaper, imported lamb that has created America's new dependency on this imported food," Kluck said adding, "The sheep industry is the cattle industry's canary in the coal mine, so we need to figure out how to rebuild it."

During the group's COOL panel, R-CALF USA COOL Committee Chair Mike Schultz explained why none of the bills introduced in Congress to repeal COOL or to make COOL voluntary should pass. "Our U.S. Trade Representative has demonstrated that the actual cost of COOL on foreign livestock is only a small fraction of what Canada and Mexico are claiming, and it does not justify making any changes that would weaken COOL," he said.

COOL panelist Mike Callicrate agreed, stating that the only legislation needed for COOL is legislation to add more beef to the list of beef products that are subject to the mandatory COOL law. Callicrate recommended legislation to remove the exemptions for foodservice establishments and processed food items. He said these current exemptions result in only about one-half of all beef products being covered by the COOL law.

Dudley Butler, former administrator of the USDA Grain Inspection, Packers and Stockyards Administration (GIPSA), delivered a banquet speech that earned him a standing ovation. Butler's message was that Washington has lost any semblance of common sense. Just one of his examples was Congress' multi-year appropriations effort that effectively blocked USDA from writing regulations to make it unlawful for meatpackers to retaliate against farmers and ranchers. He said farmers have been retaliated against for complaining to their members of Congress about how they were being treated by a packer.

"How can any member of Congress be for retaliation," he asked rhetorically.

"We must call out the politicians, but call on the statesmen and stateswomen," Butler concluded.

### Sustainable beef

Wyoming rancher and attorney Tracy Hunt made a case for how the World Wildlife Fund (WWF), the National Cattlemen's Beef Association (NCBA), multinational meatpackers, and retail giants are teaming up to capture the supply chain away from independent cattle producers under the newly formed Global Roundtable for Sustainable Beef (GRSB). The tool the GRSB is using to capture the cattle supply chain is vertical integration, which Hunt said is how competition is killed in an industry.

Hunt said that what the government failed to achieve under the National Animal Identification System (NAIS), the roundtable partners are now trying to accomplish under their GRSB. He maintained the GRSB is proposing a top-down, planned economy for the U.S. cattle industry, which, he said, is in sharp contrast to a free-market economy.

"They will force ranchers to use RFID ear tags; they will correlate those ear tags to the ranchers' premises; they will require ranchers to report animal movements; they will require a third-party verifier to verify WWF environmental requirements; and, if you don't do what they say, you can't sell your cattle because roundtable partners control the market outlets," he said.

Because the GRSB partners control about 85% of the marketplace, Hunt said, the only way independent producers will be able to avoid being under the GRSB's control is to sneak their cattle through the feeders or packers that feed the last 15% of the market.

Hunt contended the GRSB is not about achieving economic viability, social responsibility or environmental soundness as claimed by its backers.

"There is no GRSB for pork or chicken. This is not about greening the environment. It's about control," said Hunt. He said additional evidence is that neither the Trans-Pacific Partnership (TPP) free-trade agreement nor the Fast Track bill includes restrictions based on carbon footprints.

***— provided by R-CALF USA***