COOL – Canada Wins Major Battle, But the War is Not Over

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On May 18th of this year, the World Trade Organization (WTO) ruled for the fourth and final time that the U.S. mandatory Country of Origin Labeling (COOL) is discriminatory against U.S. imports of Canadian cattle and hogs. This is a huge win after eight years of battling against this labeling law the U.S. government passed in 2002 and 2008 farm legislations. While the WTO had ruled against the U.S. in this case three times prior, in 2013 the U.S. government actually toughened the law, increasing discrimination against Canadian beef cattle.

Immediately following this WTO decision, the U.S. House of Representatives voted to repeal the U.S. country of origin labeling rules 300 to 131. Now it's up the U.S. Senate to make the actual changes to the law, or to get rid of it completely. But so far, U.S. Senators have all but stalled progress on this matter. Two Senators came up with a bill to change the country of origin labeling rules from being mandatory to voluntary. This bill, however, does not fix the problem. Instead, it is just dragging the process on longer.

A number of business groups and some of the largest food and beverage companies in the U.S. are strongly urging their Senators to support the repeal vote by the House of Representatives. They expect that retaliatory tariffs by Canada and Mexico will seriously hurt the U.S. food and beverage industry. They would like to see the COOL ruling repealed before Canada and Mexico are authorised to impose tariffs on their industry, but it is expected that the U.S. Senate will drag this out as long as possible.

Now, Canada is not alone in this fight; the Mexicans have been fighting this legislation right alongside Canada. Canada and Mexico together are requesting authority from the WTO to impose retaliatory tariffs to the tune of well over three billion dollars. Canada and Mexico have a strong case for getting this authorization, but, as expected, the U.S. asked for arbitration on this matter.

On September 15th and 16th the WTO arbitration panel heard arguments from Canada, Mexico and the U.S. on their respective positions. Canadian Cattlemen's Association representatives also attended this meeting, which was held in Geneva.

Canada asked for authorization to impose over $3.1 billion per year of tariffs on U.S. exports into Canada. Mexico requested the same kind of authorization to the tune of $713 million. The U.S. however, estimates the costs of COOL to Canada and Mexico at only $91 million, disregarding any value of costs related to segregation of cattle at the packers, of transportation issues, or of livestock price suppression in Canadian and Mexican livestock markets.

Canada, Mexico and the U.S. have now received a list of follow up questions from the arbitration committee. The three countries are working on preparing written answers to the committee within a specific timeframe.

A final report from the arbitration committee is scheduled for November 27, 2015. At this time the committee will release its final decision. This final decision will not be able to be appealed.

Throughout the eight years of this trade war, the Canadian Cattlemen's Association (CCA) has been strongly supporting the work of Agriculture and Agri-Food Canada Minister Gerry Ritz in bringing about this final ruling by the WTO and the work Minister Ritz is doing to receive authorization from the WTO to impose retaliatory tariffs against the U.S.

So, it looks like it's possible that sometime this fall, or winter the war on the U.S. COOL legislation could be over. Will the U.S. government remove the COOL legislation, or will they just find other ways to discriminate against imports of Canadian beef and pork? How will the pending Trans-Pacific Partnership (TPP)agreement fit with this? The TPP agreement is the largest free trade agreement in global history. Time will tell and we'll be watching for more news on these matters over the coming months.