

## Ottawa threatens 'retaliatory measures' over new U.S. meat labelling regulations

By: Lee-Anne Goodman – May 23, 2013

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A Canada-U.S. trade war is apparently looming as Ottawa threatens "retaliatory measures" against the United States in a continuing dispute over meat labelling.

The U.S. government announced new regulations Thursday on "country-of-origin labelling" (COOL) that would track cattle and hogs right from the farm to meat processing and distribution systems.

Tom Vilsack, U.S. agriculture secretary, said the new rules are aimed at resolving the tense trade dispute between Canada, the U.S. and Mexico.

"USDA remains confident that these changes will improve the overall operation of the program and also bring the mandatory COOL requirements into compliance with U.S. international trade obligations," he said in a statement.

But Canada sees little evidence in the new rules of any serious attempt by Americans to resolve the issue. And one trade expert suggests the USDA is actually escalating the dispute.

"Canada is extremely disappointed with the regulatory changes put forward by the United States today," Agriculture Minister Gerry Ritz and Trade Minister Ed Fast said in a joint release.

The ministers said the U.S. regulations will not bring the Americans into compliance with last year's ruling by the World Trade Organization, which found the labelling system discriminated against foreign livestock and was not consistent with U.S. trade agreements.

"Canada will consider all options at its disposal, including, if necessary, the use of retaliatory measures," said the release.

Indeed, Canadian officials were rumoured to be drawing up a "retaliation list" of U.S. products, setting the stage for a full-fledged trade war.

Earlier Thursday, Ritz addressed the issue while on a trade mission in Kazakhstan.

"Even their own industry has come forward and said this is going to cost them hundreds of millions of dollars as well to comply, so we are analyzing what they come forward with," he said on a conference call.

"Of course the next step is to go back to the WTO. That will take a month or two as the Americans try to sell what they come forward with and we try to convince the WTO that it is completely off the mark."

In addition to fighting the U.S. move, Ritz said Canada must focus on finding new markets for its meat products.

"As the Americans are making their market tougher for us to get into, then it is incumbent on governments to get out around the world and start putting more market share in other than the American market."

The NDP urged the government to stand firm on the issue.

"New Democrats believe that fair, robust trade rules are critical to the success of our industries," Don Davies, the party's trade critic, said in a news release.

"The government must step up and protect these important sectors."

Under the new regulations, the U.S. government now requires even more detail on meat labels on the origins of beef, pork and chicken sold in American grocery stores.

Labels will include such information as "born, raised and slaughtered in the United States" for American meat. Cuts of meat from other countries could carry labels such as "born in Canada, raised and slaughtered in the United States."

Canada has long objected to the labelling system on the grounds that it's costly, burdensome and is leading to the "disintegration" of the North American supply chain.

The labelling system, first implemented by the U.S. in 2008, cut Canadian cattle shipments to the U.S. by 50 per cent within a year and cut the export of slaughter hogs by 58 per cent.

The Canadian Pork Council estimates the labelling rule has already cost Canada about \$1 billion annually in beef and pork exports.

The USDA says its country-of-origin labelling system was designed to help consumers make informed decisions about food choices.

The measures are popular in the United States, backed by many American consumer groups and some farm groups too.

But Bill Watson, a trade expert at the Cato Institute think-tank in D.C., called the USDA's new rules a "very cynical response" to the WTO.

The new, more onerous regulations do little to address the WTO's objections to the original country-of-origin labelling, which it regarded as thinly veiled protectionism, he said.

"It's not going to settle the trade dispute at all; it's not a good-faith response," Watson said in an interview.

He added that few Americans want to read the word "slaughtered" as they're pondering what to pick up for dinner at the grocery store.

"There's actually a large segment of the U.S. cattle industry that's not happy with these regulations because they fear they could turn people off eating meat, in addition to increasing the cost of meat," Watson said.

Most American cattle farmers "realize they benefit from an integrated market with Canada," he added.