



## Consumers win as WTO condemns protectionist meat labels

By Bill Watson  
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In the guise of informing consumers, U.S. country-of-origin labeling (COOL) regulations are being used to protect a small number of cattle growers from competition at the expense of everyone else. This week, a World Trade Organization dispute panel found that the program violates U.S. trade obligations for unjustifiably discriminating against foreign cattle. With the threat of trade retaliation from Canada and Mexico looming, the loss at the WTO strengthens domestic opponents of COOL and makes it more likely that Congress will finally act to end this shamefully protectionist boondoggle.

Under current U.S. COOL rules, retailers selling beef and pork must include labels stating what country the animal was in when it was born, raised, and slaughtered. This information might be interesting to a curious shopper, but it is completely useless in determining the quality or safety of meat. The same U.S. food safety standards apply regardless of where the animal came from.

Consumers are, of course, welcome to care about things that don't really matter, and generally, more information is a good thing to have. Sometimes, though, the cost of providing that information is greater than its value. Mandating that companies provide consumers with information will overcome that hurdle by removing the low-information option and forcing consumers to pay the higher price. Making labels mandatory also introduces opportunities for [rent-seeking](#) by companies looking to shift costs onto their competitors.

That's exactly what's happening with the COOL regulations, and is the crux of the WTO complaint. Canada and Mexico are not complaining that American consumers, armed with their dinner's travel itinerary will eschew immigrant cattle. Rather, they point out that complying with the rules imposes huge costs on U.S. meat processors who buy cattle that once lived across the border. If a slaughterhouse buys any cattle that rode on a truck traversing the 49th parallel, it must segregate those animals and their meat through the entire production and delivery process.

The arbitrary burdens imposed by COOL regulations create a strong incentive for meat packers to purchase only cattle that was born and raised in the United States in order to avoid segregation costs. The labeling rules create artificial demand for domestic cattle while increasing the cost of beef for all American consumers.

So far, this dynamic has made COOL very popular in Washington. The reality of politics is that the most popular policies are those in which the benefits go to a small well-organized group of people while the costs are spread thin to many. The Obama administration in particular is keen on furthering the interests of COOL supporters and has gone out of its way to make the rules as onerous as possible on importers of foreign cattle.

Indeed, this isn't the first time the WTO has called out COOL regulations for violating U.S. trade obligations. The only reason they're reviewing it now is that the Obama administration claimed that they changed the regulation to comply with a 2012 ruling. But those changes actually [made the law worse](#) by requiring even more segregation without reducing the detrimental impact to Canadian and Mexican cattle. Not fooled by such a [cynical maneuver](#), the latest WTO report simply reiterates the same conclusions reached two years ago.

But the political dynamic is about to change. The latest loss at the WTO brings us one step closer to authorized sanctions by Canada and Mexico. If America's two largest export markets retaliate by imposing tariffs on U.S. exports, the political dynamic underpinning COOL suddenly changes. Canada has released [a list](#) of products it intends to tax—including wine, apples, rice, corn, mattresses, and furniture. These are U.S. industries that normally could not care less about cross-border livestock trade. But they will [not sit idly by](#) while their business suffers on behalf of cattle ranchers.

Even if the administration refuses to budge, Congress's opinion of COOL is about to sour immensely as cattle ranchers find themselves [woefully outgunned](#) on Capitol Hill. Ending the protectionist COOL regime is good policy because the law harms U.S. consumers and businesses. Thanks to the WTO process, ending COOL is now good politics too.

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