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# News Release

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## **Canada Requests WTO Panel on U.S. Mandatory Country-of-Origin Labelling**

**(No. 296 - October 7, 2009 - 10:40 a.m. EDT)** The Government of Canada is standing up for Canadian producers by launching a World Trade Organization dispute settlement process over U.S. mandatory country-of-origin labelling (COOL). The Honourable Stockwell Day, Minister of International Trade and Minister for the Asia-Pacific Gateway, and the Honourable Gerry Ritz, Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, announced Canada's request for a WTO panel today.

"The U.S. COOL requirements are so onerous that they affect the ability of our cattle and hog exporters to compete fairly in the U.S. market," said Minister Day. "That is why our government has no choice but to request a WTO panel. This request demonstrates our ongoing commitment to resolving this issue and defending the interests of Canadian producers."

"Canadian farmers and ranchers produce top-quality food, and they are facing unfair discrimination because of COOL legislation," said Minister Ritz. "This government is standing up for Canadian farmers and ranchers by exercising Canada's rights under the WTO, and we are confident our challenge will be successful."

COOL is a mandatory labelling measure in the United States that requires firms to track and notify customers of the country of origin of meat and other agricultural products at each major stage of production, including at the retail level. These provisions impose unfair and unnecessary costs on integrated North American supply chains, reducing competitiveness in both Canada and the U.S. COOL has created confusion and uncertainty for livestock industries on both sides of the border.

Canada's request for a panel comes after two rounds of WTO consultations with the U.S. failed to resolve the issue. Panels are the next step in the WTO's dispute settlement process.

Canada initially requested WTO consultations with the U.S. on COOL in December 2008, as it believed the measures were creating undue trade restrictions, to the detriment of Canadian exporters. At that time, U.S. provisions were being implemented based on the interim final rule. The Final Rule was subsequently published in the U.S. Federal Register on January 15, 2009, and implemented on March 16, 2009.

On June 5, 2009, Canada held a further round of consultations with the United States on COOL.

The U.S. and Canada are each other's largest agricultural trading partners. In 2008, bilateral agricultural trade totalled approximately \$37 billion. Reducing obstacles to trade has contributed to mutually beneficial supply chains, making both countries more competitive domestically and internationally.

Canada and the U.S. continue to have a close and ongoing dialogue on COOL and other issues.

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A backgrounder follows.

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**Backgrounder**

## **WTO Panel on U.S. Country-of-Origin Labelling**

### ***What is U.S. country-of-origin labelling (COOL)?***

As part of the U.S. Food, Conservation and Energy Act of June 2008, the United States passed legislation imposing mandatory country-of-origin labelling for beef, pork, lamb, chicken and goat meat, and certain perishable commodities sold at retail outlets in the U.S. This legislation was implemented on September 30, 2008, on the basis of an interim final rule. This was then replaced by a Final Rule that entered into force on March 16, 2009. COOL provisions for fish and shellfish have been in place since 2005.

In order for meat to be labelled as a product of the U.S., all production activities (birth, rearing and slaughtering) have to occur in the U.S. For meat derived from animals of different national origins, the label must indicate the country or countries involved.

### ***How does COOL discriminate against Canadian producers?***

Mandatory requirements to label products with their country of origin is imposing unnecessary additional costs at each stage of the production process (for example, feedlots, processing, packing and retail). U.S. processors, for instance, have to segregate Canadian animals and the meat from these animals at their facilities, a requirement that generates additional costs. Because of these additional costs, some processors do not buy Canadian animals, buy them only on certain days or buy them at a discounted price.

### ***Why a WTO dispute panel?***

Regrettably, the WTO consultations held with the U.S. in December 2008 and June 2009 did not lead to a resolution of the issue. Therefore, Canada is requesting a WTO panel to resolve the dispute. The panel will be asked to determine whether these measures are consistent with the United States' international trade obligations under the WTO.

It normally takes up to nine months from the establishment of a panel for its final report to be released to WTO members.

For further information about the WTO dispute settlement process, please consult [Understanding the WTO: Settling Disputes](#).

[http://w01.international.gc.ca/minpub/publication.aspx?publication\\_id=387682&lang=eng&docnum=296&Year=2009](http://w01.international.gc.ca/minpub/publication.aspx?publication_id=387682&lang=eng&docnum=296&Year=2009)