

# Canada and Mexico to Seek Retaliatory Measures Following WTO's Final Ruling Against U.S. Meat Labeling Law

Jennifer E. McCadney, Grace W. Kim

May 21, 2015

On May 18, the World Trade Organization's ("WTO") Appellate Body upheld a ruling that U.S. country-of-origin labeling ("COOL") requirements for meat continue to discriminate against imported livestock from Canada and Mexico in violation of WTO rules. Under the COOL regulations, the country-of-origin designations on muscle cuts of meat must specify the country where each of the production steps occurred, such as where the animal was born, raised and slaughtered. In addition, meat packers may no longer commingle U.S.-origin meat with meat from other countries, unless it is labeled as such.

The ruling was the fourth time the WTO has found against the controversial U.S. law and constituted a final decision by the WTO. As a result, the United States must now bring its meat labeling requirements into compliance with the WTO rules, or face possible trade sanctions by Canada and Mexico that could cost U.S. exporters billions of dollars.

Both Canada and Mexico have announced that they will seek authorization from the WTO to impose the retaliatory measures (in the form of higher tariffs) against U.S. exports, which could be granted by late summer. The Canadian government previously issued a [list of goods](#) in June 2013, which included both agricultural and non-agricultural goods. For example, U.S. goods that face possible retaliation by Canada include live bovine or swine, meat of bovine or swine, cheese, cherries, rice, potatoes, produce, syrups, frozen orange juice, tomato ketchup and other tomato sauces, chocolate, pasta, cereals, wines, ethyl alcohol, certain sugars, as well as jewelry, welded stainless pipe and tubes, and certain furniture items (*i.e.*, swivel seats, wood office furniture, and mattresses). While Mexico has not published a formal list, it also indicated that it would target a variety of U.S. goods, such as fruits and vegetables, juices, meat, dairy products, machinery, furniture, and household goods.

Given the adverse ruling, steps have already been taken to repeal the U.S. COOL requirements. On May 20, the House Agriculture Committee approved a bipartisan bill to repeal the country-of-origin labeling requirements for beef, pork, and chicken. It is unclear, however, when the Senate will address the COOL issue. Thus, it is possible that retaliatory tariffs may go into effect before any changes are made to the U.S. law. U.S. exporters to Canada and Mexico, therefore, should closely monitor the COOL issue to avoid potential increased tariffs on their exports.