

As farm bill becomes law, COOL concerns continue

by Janie Gabbett on Tuesday, May 27, 2008

With the bulk of the Farm Bill becoming law last week, mandatory country-of-origin labeling (sometimes referred to as COOL or COL) will finally become a reality. And among the concerns that the U.S. beef industry has is possible retaliation from Mexico if the new labels dull U.S. taste buds to beef from Mexican cattle.

“There is a possibility the market might somehow discount those products with lower pricing or consumers won’t want to buy them. Then Mexico might somehow want to retaliate against U.S. beef, and that would be a tragedy,” warned U.S. Meat Export Federation (USMEF) Regional Director for Mexico Chad Russell on a teleconference last week.

Mexico exports about 1.2 million feeder cattle to the United States annually. In turn, it is the largest importer of U.S. beef.

The current shortage of refrigerated containers to ship U.S. meat by sea to other foreign markets makes Mexico an even more important market for the United States, given that product can be trucked across the border.

Other markets

In a roundtable discussion, USMEF regional experts also made the following general observations about other U.S. markets for U.S. beef:

- Getting Japan to open its market to U.S. beef from cattle older than 21 months is still hampered by politics as Japan’s opposition party uses the issue against the ruling party, as well as concern that the U.S. does not test 100% of its cattle for bovine spongiform encephalopathy (BSE). That said, Japan faces a shortage of grain-fed beef exacerbated by an Australian drought.
- The United States and the European Union continue talks to open that market wider to U.S. beef as the EU continues its ban on Brazilian beef.
- The outlook for U.S. pork exports remains bright for the next five years as increased global protein demand meets global pork production declines.
- High hog prices in China are stimulating domestic production, but declining grain production could limit that growth.

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