Press Release
June 7, 2013

Mexico will continue challenging the Country of Origin Labeling (COOL) requirements before the WTO and, if necessary, will adopt retaliatory measures against the United States

On July 23, 2012, the World Trade Organization (WTO) ruled that US Country of Origin Labeling (COOL) requirements which affect Mexican exports of cattle are discriminatory and contrary to WTO principles. The COOL measure distorts practices that have been prevalent for years in Mexico-US trade in the meat sector, and the WTO gave the United States ten months to modify these rules, a period which expired last May 23rd.

The WTO concluded that the requirement for meat products to use a label identifying if the product derives from cattle born in Mexico, has forced United States meat processors to segregate Mexican cattle from US cattle, resulting in high costs transferred to Mexican producers and encouraging the exclusive use of domestic livestock for the production of meat products.

On March 8th, 2013, the United States Department of Agriculture (USDA) issued a draft proposal to amend the COOL provisions, allegedly to comply with the WTO decision. Mexico submitted comments to the United States opposing the adoption of the proposed rule. Nevertheless, on May 23, at the conclusion of the ten month period provided by the WTO, USDA confirmed the proposed rule as final.

The new COOL rule is even more restrictive than the one originally challenged in the WTO and will create even more severe trade distortions. Instead of eliminating the discriminatory effects, it preserves the incentives not to acquire imported cattle, which will continue to affect Mexican exports.

Through a joint communication, the Canadian Minister for International Trade, Edward Fast, and the Secretary of Economy of Mexico, Ildefonso Guajardo, expressed to the United States government their concerns that the new proposed rule was contrary to the WTO recommendations.

The Mexican government is currently conducting consultations with its industry to
evaluate the impact that will be caused by the new rule and will challenge it, in coordination with Canada, in the relevant WTO bodies, in order to show that the United States has not complied with the organization’s ruling.

Once this is confirmed by the WTO, Mexico will be in a position to impose trade sanctions on the United States, for which it will consider suspending benefits across a wide variety of sectors, including fruits and vegetables, juices, meat products, dairy products, machinery, furniture and appliances, among others.

Mexico will continue to defend the interests of its national livestock sector before the WTO. At the same time, Mexico remains open to exploring a solution with the United States that would be in full compliance with its international obligations.

***