

The most prominent example of food assurance schemes is GlobalGAP, but there are others including for example Assured Food Standards/Red Tractor Mark in the UK and Qualität und Sicherheit/QS in Germany. These schemes were developed to provide assurance to retailers and consumers about product safety and other aspects of production, which may include origin. Some of these schemes use advertising and logos to communicate to consumers.

Differentiation schemes

Differentiation schemes aim to distinguish certified products through certain attributes. Producers benefit from such schemes by improving their marketing position and gaining higher prices for their products. These schemes use logos to differentiate from competing products. Examples include Label Rouge (France), Fair Trade (international) and Prodotti della Campagna Romana (Italy). Some schemes are potentially misleading in that they carry the name of a country or region but the products do not necessarily wholly originate from the designated area.

The proliferation of certification schemes, the variety of subjects, and the lack of consistency and overlap between them means that there is a danger of undermining the benefits, particularly in terms of consumer choice. Consumers may simply be confused to the extent that they ignore the labels. They may also have suspicions that some information is missing or concealed, including the precise origin.

It may be that some of these voluntary quality and certification schemes are affected by the introduction of mandatory origin labelling, as retailers rationalise their use of voluntary schemes. Indeed, there have already been reports of some instances of rationalisation^{6,7}.

2.1.4 WTO dispute on country of origin labelling: challenging US COOL for meat

2.1.4.1 US legislation of country of origin labelling

The US mandatory country of origin labelling (MCOOL) law aims to provide information to consumers and thus a consumer information programme. Retailers, such as supermarkets and grocery stores, are required to provide information regarding the source of certain foods. The requirement of origin labelling is in addition to the US food safety and traceability requirements. The US COOL covers both domestic and foreign products sold on the US market.

The programme came into effect on March 16, 2009. The Agricultural Marketing Service of the US Department of Agriculture is responsible for administration and enforcement of the MCOOL programme⁸.

Type of label

US MCOOL involves a label for consumers in order to provide additional information to consumers (B2C label). For tracking and tracing along the supply chain labelling is also necessary at the business level (B2B label). The origin label can take various forms: labels, stamps, marks, placards, or other signs on the covered commodity or package, display, holding unit, or bin containing the commodity at the final point of sale.

Target group

The country of origin labelling requirement applies to retailers of a certain business size. Specifically: retailers that annually purchase more than US\$ 230,000 (about 175,260 Euro) of respective agricultural commodities are subject to US MCOOL. Food service establishments do not have to use the origin labels.

⁶ www.farmersguardian.com/home/business/nba-and-npa-launch-attack-on-sainsburys-red-tractor-move/50891.article

⁷ <http://www.fwi.co.uk/Articles/19/11/2012/136285/Sainsbury39s-drops-NI-assurance-logo.htm>

⁸ USDA webpage of the Agricultural Marketing Service: <http://www.ams.usda.gov/AMSv1.0/COOL>

Product coverage

US MCOOL covers the products listed below. If these products are used as inputs in processed food, origin labelling is not required. Generally, processed food that has undergone specific processing (for example, cooking, curing and smoking) or that has been combined with another food component does not need to be labelled⁹. Origin labelling however does apply to ground meat products, whereby those countries should be listed as long as the raw material from a specific origin has not been stored with a US processor for more than 60 days.

The following products are covered:

- Muscle cuts of beef (including veal), lamb, pork, goat, and chicken;
- Ground beef, ground lamb, ground pork, ground goat, and ground chicken;
- Farm raised and wild fish and shellfish;
- Perishable agricultural commodities (e.g. fresh and frozen fruits and vegetables);
- Peanuts, pecans and macadamia nuts;
- Ginseng.

Information contents

US COOL is specified according to the details of the supply chain, with information requirements about where the animal was born, reared and slaughtered¹⁰. However, the label does not explicitly specify the countries where the different stages of production take place.

The origin of the final product is specified by applying the following scheme:

1. **Product of the US** - meat from animals born, raised, and slaughtered in the US or from animals present in the US prior to July 15, 2008;
2. **Product of the US, Country X, Country Y**, if applicable - meat from animals born in Country X or (as applicable) Country Y, raised and slaughtered in the US and not derived from animals imported for immediate slaughter;
3. **Product of Country X, US** - meat from animals imported into the US for immediate slaughter;
4. **Product of Country X** - foreign meat imported into the US;

2.1.4.2 Challenging US COOL for meat at the WTO Dispute Settlement

Canada and Mexico are the major suppliers of live cattle and hogs (pigs) that are exported to the US for feeding and processing in US meat plants. Canada was rather concerned about the US MCOOL requirement, fearing that the origin labelling would adversely affect the Canadian livestock sector. The trade figures showed a drop in exports from Canada between 2008 /2009 in comparison to earlier years, and studies supported a negative effect. Against this background, Canada challenged the US MCOOL at the WTO level.

WTO panel ruling

On 19 November 2009, the WTO Dispute Settlement Body established a single panel to examine the dispute on US MCOOL¹¹.

⁹ Note that many imported items are still required to be marked with country of origin information. For example, consumer-ready packages of meat must be labelled with country of origin information as required by the US Custom and Border Protection as well as the US food safety regulations.

¹⁰ In order to qualify for the label "product of the US", peanuts, pecans, and macadamia nuts as well as other perishable agricultural commodities covered must be grown in the US. In addition for the aforementioned products, both domestic and imported, labels may contain state, regional or locality designations in lieu of country of origin labelling.

¹¹ WTO webpages: http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds384_e.htm
http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds384_e.htm#bkmk384abr

The WTO panel found that the origin labelling requirement is a technical regulation under the Technical Barriers to Trade (TBT) Agreement, and that it is inconsistent with the WTO obligations of the US. The WTO panel ruling can be summarised as follows (for details see Jurenas and Greene [2012]):

- The US MCOOL was found to treat imported Canadian cattle and hogs less favourably than US domestic like products. This is a violation against the national treatment obligation described in Article 2.1 of the TBT Agreement. The detrimental impact on imported livestock, particularly due to record-keeping and verification requirements in relation to US MCOOL, creates an incentive for processors to exclusively use domestic livestock, instead of imported livestock. Furthermore, record-keeping and verification requirements impose a disproportionate burden on upstream producers and processors of livestock.
- The US MCOOL does not fulfil its legitimate objective of providing consumers with information on origin, and therefore violates Article 2.2 of the TBT Agreement. The objective of the MCOOL measure as being “to provide consumer information on origin” was acknowledged as a “legitimate” objective, but it was found that US MCOOL is unable to fully reach the objective. A considerable proportion of meat sold in the US is not subject to the MCOOL at all. While obtained at the producer level, not all relevant information about the country of origin is communicated to consumers in an understandable or accurate manner at the retail level. As such, US MCOOL was found to be inconsistent. Note that the ruling did not include judgement on whether the US MCOOL was more trade restrictive than necessary to fulfil a legitimate objective.

In response to the ruling, the US informed the WTO Dispute Settlement Body about the intentions to implement the recommendations and rulings on 21 August 2012.

Appeal of the panel ruling at the WTO Appellate Body

The US, Canada and Mexico appealed some points and legal interpretations developed by the WTO panel ruling on the US MCOOL case. Following the common procedure, the appeal was brought to the WTO Appellate Body. On 23 July 2012, the WTO dispute settlement adopted the Appellate Body report and the panel report, as modified by the Appellate Body report.

The Appellate Body upheld the panel ruling that the US MCOOL measure does result in less favourable treatment to imported Canadian cattle and hogs than to like domestic cattle and hogs (violation of Article 2.1 of the TBT Agreement upheld). The Appellate Body agreed with the WTO panel ruling, but it should be noted that the reasoning differs. The Appellate Body emphasised that little information was actually communicated to consumers (in comparison to the information collected in the tracking and tracing and record-keeping effort) in an understandable or accurate manner. The detrimental impact can thus not be exclusively considered to be exclusively due to the labelling requirement, which is generally considered a legitimate regulatory distinction, but instead reflects discrimination, which is in violation of Article 2.1. For these reasons, the Appellate Body upheld the WTO panel ruling under Article 2.1.

The Appellate Body reversed the panel ruling that the US MCOOL violates Article 2.2 of the TBT Agreement since it does not fulfil its legitimate objective of providing consumers with information on origin. While considering MCOOL as a measure to provide consumer information on origin, which is a “legitimate” objective according to WTO law, the Appellate Body noted that MCOOL does contribute, at least to some extent, to achieving its objective. Although the objective may not be completely fulfilled, MCOOL should therefore be considered consistent with Article 2.2. The WTO panel found that MCOOL measures were inconsistent with Article 2.2, and thus the Appellate Body reversed the WTO panel ruling. Note that the Appellate Body was unable to ascertain that MCOOL is more trade restrictive than necessary to meet the legitimate objective of consumer information.

2.2 EU meat production

Statistics quoted

Note that there is not full correspondence between all statistics quoted in this section. Many statistics have been derived from different Eurostat tables, which are not always complete for the years stated. In some cases composite data has been used covering more than one year, which has caused some anomalies both within and between tables.

Pig meat comprises 52% of EU meat production followed by poultry (28%), beef (18%) and sheep and goat meat (2%). Per capita consumption follows a similar trend with pig meat accounting for almost half, followed by poultry meat, beef, sheep and goat meat.

The EU is a net exporter of pig meat and poultry meat. Apart from an exceptional performance in 2011, the EU is usually a net importer of beef and this position is likely to resume in future years. The EU imports about a quarter of its sheep and goat meat requirements and this situation is likely to continue or increase as domestic production (as well as consumption) continues to decline (EC, 2012).

The following table shows production and self sufficiency of each major meat type in Member States. Note that there are some gaps in the self-sufficiency data as accurate up-to-date figures could not be obtained.