

Linda M. Dempsey

Vice President

International Economic Affairs

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To Members of the Senate:

The National Association of Manufacturers (NAM) is the largest industrial trade association and the voice for 12 million men and women who make things in America. Manufacturers face the threat of retaliatory tariffs by Canada and Mexico on an array of goods manufactured in the United States. Retaliation has been sanctioned by the World Trade Organization (WTO), through a final ruling that some aspects of the U.S. Country of Origin Labeling (COOL) law violate our international trade obligations. We urge you to support legislation that indisputably would prevent costly retaliation by eliminating WTO-inconsistent provisions.

At the end of May, the WTO's Dispute Settlement Body adopted its final report confirming that U.S. COOL requirements for muscle cuts of beef and pork are noncompliant. As a result, Canada and Mexico are seeking over \$3 billion in tariffs annually, potentially beginning early this fall. Our failure to comply will impact industries throughout the U.S. economy. In 2014, U.S. manufactured goods exported to Canada and Mexico totaled \$269.8 billion and \$215.8 billion, respectively. Combined, U.S. manufactured goods bound for these two markets have increased 25.7 percent since 2010.

There are two COOL reform proposals in the Senate, but only the proposal put forth by Senator Pat Roberts (R-KS) would unequivocally end the threat of retaliation. His proposal (S.Amdt. 2302) is identical to bipartisan legislation passed by the House (H.R. 2393) and would simply repeal the WTO-noncompliant provisions of the COOL law. As a co-chair of the COOL Reform Coalition, the NAM's primary objective is to avoid retaliation by Canada and Mexico and to prevent a loss of export sales by our nation's manufacturers. To bring the U.S. quickly into compliance and avoid retaliation, full repeal is the only viable option.

Alternatively, Senators John Hoeven (R-ND) and Debbie Stabenow (D-MI) have introduced the Voluntary Country of Origin Labeling and Trade Enhancement Act (S. 1844). While this legislation would repeal the noncompliant elements of our COOL law, the bill would establish a new federal requirement that a voluntary label be applied only when livestock has been born, raised and slaughtered in the United States.

Officials from both Canada and Mexico issued statements¹ opposing S. 1844, indicating that it would not prevent retaliation because it continues to require the segregation of cattle and hogs, which the WTO ruled is discriminatory. Canada's statement on the introduction of S. 1844

¹ Statement of the Government of Mexico, English version published July 28, 2015. Available at <http://embamex.sre.gob.mx/eua/index.php/en/comunicados2015/956-statement-of-the-government-of-mexico-on-the-voluntary-country-of-origin-labeling-cool-and-trade-enhancement-act-of-2015-bill->.

Statement from Agriculture Minister Gerry Ritz and International Trade Minister Ed Fast, Government of Canada, July 23, 2015. Available at <http://news.gc.ca/web/article-en.do?nid=1005919>.

states bluntly, "The only acceptable outcome remains for the United States to repeal COOL or face \$3 [billion] in annual retaliation."

With the threat of retaliation looming for our nation's manufacturers, time has run out. Manufacturers urge you to support Senator Roberts's proposal.

Sincerely,

A handwritten signature in black ink, reading "Linda M. Dempsey". The signature is written in a cursive style with a prominent initial "L".

Linda Dempsey