Saskatchewan

Saskatchewan
Agriculture
and Food

Deputy Minister

Walter Scott Building
3085 Albert Street
Regina, Canada
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November 25, 2002

MR. WILLIAM SESSIONS
ASSOCIATE DEPUTY ADMINISTRATOR
LIVESTOCK AND SEED PROGRAM
AGRICULTURE MARKETING SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE
ROOM 2085-S
1400 INDEPENDENT AVENUE, S.W.
WASHINGTON, D.C. 20250

Dear Mr. Sessions:

I am writing on behalf of Saskatchewan Agriculture, Food and Rural Revitalization (SAFRR), to provide comments regarding the draft Country of Origin Labelling (COL) guidelines that were released October 8th, 2002.

I must first commend you on taking the time to draft guidelines that attempt to fulfill US national treatment obligations under the World Trade Organization (WTO). Since the guidelines will also provide the basis for the regulations for mandatory COL, attempts to ensure the guidelines fulfill US international obligations are greatly appreciated. That said however, we believe that the guidelines disadvantage Canadian exports due to a failure to meet US national treatment obligations under the General Agreement on Trade and Tariffs (GATT) 1994, Article III, titled "National Treatment on Internal Taxation and Regulation", paragraph four.

Specifically, our concern stems from the following excerpt; "When similar covered commodities may be present from more than one country or different production regimes, a verifiable segregation plan must be in place." It is our understanding that this requirement is intended to ensure labelled product corresponds with the appropriate COL records. Unfortunately, this language also provides a disincentive for retailers and processors to access foreign product by increasing the costs associated with stocking both foreign and domestic product as compared with solely stocking domestic product. It is therefore our belief that this provision is a clear violation of US national treatment obligations.

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In order to address this concern we would like to offer the following changes that we believe would ensure labels correspond with the appropriate COL records while meeting US international obligations:

All retailers and their suppliers of the covered commodities must maintain a verifiable inventory control system that ensures product and product labels are identified with the appropriate country of origin records.

For the record, SAFRR opposes mandatory COL requirements since they provide little if any consumer benefit, are not based on sanitary and phyto-sanitary (SPS) concerns and will add enormous costs to the food sector. Mandatory labelling requirements must be restricted to legitimate SPS, health and nutritional related concerns. It is our belief that by implementing mandatory COL in 2004, the US will no longer be in a position to resist attempts by other jurisdictions to impose technical barriers to trade through mandatory labelling requirements.

SAFRR is of the opinion that the COL guidelines once mandatory will have a negative impact on the covered sectors, disadvantaging them relative to other commodities. The added costs to the entire food system will be significant and consumers in the US will bear the burden of these costs. If consumer demand for COL did exist then voluntary COL would already be in place. We believe that there will be very few retailers that participate in the voluntary COL scheme simply because the consumer demand for such labels does not exist, providing further evidence that mandatory COL is unwarranted.

Thank you for your attention to this matter.

Sincerely,

Harold Cushon for

Gord Nystuen
Deputy Minister
Saskatchewan Agriculture, Food and Rural Revitalization

cc: Mr. Samy Watson
Deputy Minister
Agriculture and Agri-Food Canada