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# National Grocers Association

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June 9, 2015

The Honorable John Boehner  
Speaker of the House  
H-232, The Capitol  
Washington, D.C. 20515

The Honorable Nancy Pelosi  
Democratic Leader  
H-204, The Capitol  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Majority Leader  
H-329, The Capitol  
Washington, D.C. 20515

The Honorable Steny Hoyer  
Democratic Whip  
H-148, The Capitol  
Washington, D.C. 20515

Dear Speaker Boehner, Leader Pelosi, Leader McCarthy, and Representative Hoyer:

The National Grocers Association (NGA) supports H.R. 2393, the Country of Origin Labeling (COOL) Amendments Act of 2015. NGA strongly encourages the House to pass this bill with bipartisan support, and we commend House Leadership for bringing this bill to the Floor and the author of the legislation, House Agriculture Chairman Mike Conaway (R-TX).

NGA is the national trade association representing the retail and wholesale grocers that comprise the independent channel of the food distribution industry. An independent retailer is a privately owned or controlled food retail company operating a variety of formats. Most independent operators are serviced by wholesale distributors, while others may be partially or fully self-distributing. Some independents are publicly traded, but with controlling shares held by the family and others are employee owned. Independents are the true “entrepreneurs” of the grocery industry and dedicated to their customers, associates, and communities. The independent supermarket channel is accountable for close to 1% of the nation's overall economy and is responsible for generating \$131 billion in sales, 944,000 jobs, \$30 billion in wages, and \$27 billion in taxes.

Mandatory COOL rules were passed as a part of the 2002 Farm Bill and amended in subsequent bills passed in 2008 and 2014. Retailers are mandated to provide labeling indicating where fruits, vegetables, fish, shellfish, peanuts, pecans, macadamia nuts, ginseng, meat and poultry originated. In May 2013 COOL was expanded to require that retailers now include each production step for muscle cuts of beef, pork, lamb and chicken. Prior to this change the label only had to read “Product of” the country in which the product originated. After the 2013 change, the label nearly doubled in size to now read where the animal was born, raised, and slaughtered. Canada and Mexico initiated World Trade Organization (WTO) dispute settlement proceedings against the U.S. in 2008 claiming that COOL discriminated against their livestock exports, and on May 18, the WTO issued their final decision stating that the United States’ mandatory COOL requirements for meat products are discriminatory to Canada and Mexico.

Independent supermarkets are known for their full service meat departments that have on premise butchers providing value, variety, and exceptional service to our customers. Mandatory COOL labeling has imposed significant disproportionate costs on retailers, wholesalers, processors, and suppliers, all to

provide a label that is ultimately of very little value to the consumer. A report mandated by the 2014 Farm Bill to provide an economic analysis of COOL was released by the USDA in April 2015. Among other findings, the report states that "...the increased costs of producing, processing, and marketing food products to comply with COOL without a commensurate measurable increase in consumer demand results in economic losses to producers, packers, retailers, and consumers and leads to a smaller overall industry with higher consumer prices and less product available."<sup>1</sup> In addition, the International Food Information Council Foundation's 2015 Food and Health Survey found that 85% of consumers do not look at the COOL label when deciding what food to purchase.<sup>2</sup>

NGA strongly supports Chairman Conaway's legislation, and urges the House to pass this common sense bill to provide regulatory relief to those who produce and sell beef, pork, and chicken. It is clear that COOL creates an unnecessary regulatory burden without providing a tangible benefit to the consumer, and in order for the U.S. to avoid retaliatory tariffs from Canada and Mexico, it is critical Congress acts to bring the U.S. back into compliance with our international trade obligations.

Sincerely,



Peter J. Larkin  
President and CEO  
National Grocers Association

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<sup>1</sup> <http://www.agri-pulse.com/Uploaded/USDACOOLEconomicReport.pdf>

<sup>2</sup> <http://www.foodinsight.org/sites/default/files/2015-Food-and-Health-Survey-Full-Report.pdf>