

The Economic Impact on the Ontario Swine Industry of Country of Origin Labeling by the United States

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Background

Country of Origin Labeling (COOL) is part of the 2002 U.S. Farm Bill and was to become mandatory in the United States by September 30, 2004. However, the U.S. Senate passed a bill on January 22, 2004 postponing COOL for two years. COOL would have required meat and many other foods sold in stores to have labels identifying the country they come from.

Objectives

The overall objective of this research was to examine the implications of the U.S.'s Country of Origin Labeling (COOL) on the Ontario pork supply chain. The specific objectives were: (i) quantify Ontario's live animal, pork and processed meat exports to the U.S. and (ii) determine the potential price and welfare impacts of COOL on Ontario producers, processors and consumers.

Results

(i) Learning Points

- Ontario relies heavily on the U.S. market place

	1996	2002	% of 2002	% Chg. 96-02
Pigs Processed in Ontario	3,446,07	14,620,615	62.7	34.1
Pigs Processed in Other Provinces	136,192	670,306	9.1	392.2
Feeder Pig Exports to US	253,755	1,641,448	22.3	546.9
Market Hog Exports to US	710,087	434,717	5.9	-38.8
Total Head	4,546,105	7,367,086	100.0	62.1

- Canadian pigs will be priced at the U.S. level less a discount
- Primal meat cuts will be priced at a discount in the U.S. market

(ii) Impacts

- Immediate impact will be to produce a glut of market hogs and weaners in Ontario and to drive down the prices for all Ontario pigs (not just those exported) because of additional segregation and handling costs when shipped to the U.S. market place.
- greater dependency on Quebec processors
- loss of U.S. as a reference market

Take Home Message

Ontario needs to develop a strategy on how to reduce dependency on the U.S. market for both swine and pork exports. The total estimated economic impact of COOL on Ontario swine industry is conservatively estimated to be over \$C500 million when economic multipliers are considered.

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