

# Manitoba

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Deputy Minister of  
Agriculture and Food

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Legislative Building  
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August 21, 2003

Ms. Jean A. Webb  
Secretary, Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington DC 20581

**COMMENT**

Dear Ms. Webb:

### CME Live Cattle Amendments

These comments are in regard to the Chicago Mercantile Exchange's (CME) proposed amendments to the live cattle futures contract. The proposal would restrict cattle delivered on a futures contract to cattle born and raised in the United States. The CME has proposed these restrictions in an effort to comply with the mandatory country of origin labelling (COOL) provision of the *Farm Security and Rural Investment Act* (FSRI) of 2002.

The Government of Manitoba believes that this proposed amendment to live cattle futures contracts is not necessary in order to comply with country of origin labelling as mandated by the FSRI Act. Manitoba has already indicated our concerns to the United States Department of Agriculture regarding the COOL provisions of the FSRI Act. Manitoba remains opposed to the mandatory provisions of the FSRI Act. Manitoba believes that mandatory COOL threatens to undermine the efforts of industry and governments on both sides of the border to promote bilateral trade and build an integrated North American market for live animals and meat products. The introduction of COOL will add costs to the red meat sector on both sides of the border.

Manitoba remains opposed to COOL and maintains our view that it will add burdensome costs and will prove to be of limited benefit to producers or to consumers. Notwithstanding these concerns, it is our understanding that the FSRI Act requires retailers to inform consumers of the country of origin for commodities covered under the FSRI Act at the final point of sale. The FSRI Act does not, however, restrict entry of cattle and other livestock into the United States. The FSRI Act's requirement for country of origin labelling requires information regarding where the animal was born and raised

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for correct documentation; thus, country of birth or rearing must be exchanged between buyers and sellers of live cattle. This information exchange remains fully possible upon delivery of cattle on a futures contract, and should be regarded in the same way as any other sale of live cattle.

Manitoba anticipates that COOL will disrupt normal trade patterns. However, the restrictive nature of the proposed CME amendments would prohibit trade outright. Restricting delivery on CME live cattle futures contracts to cattle that are born and raised exclusively in the United States, ignores the reality that livestock and beef are traded in a North American market. It also sends the message to market participants that cattle not born and raised exclusively in the United States have a comparatively lower value because they cannot be delivered on a futures contract.

The Government of Manitoba finds the proposed amendments to the CME live cattle futures excessively restrictive and unnecessary. Requiring sellers to provide information regarding the country or countries in which cattle were born and raised is sufficient to meet the mandatory COOL provisions of the Farm Security and Rural Investment Act of 2002.

Sincerely,



Don Zasada  
Deputy Minister

c: Honourable Rosann Wowchuk  
Manitoba Agriculture and Food