



Straight Talk for Exporters: *Country of Origin Requirements and the Politics of Trade*

Anyone who's shopped in the United States knows that all our products carry a country of origin marking, clearly stating where the product was made, where it was assembled and where the components came from. What most people don't know is that we're the only country requiring it on all products exported to us.

Country of Origin Labeling (or COOL) gives consumers another way to determine whether or not they should purchase the product in question. Say, for example, that you don't agree with a particular country's practices on human rights, workers rights, child labor laws, foreign policy or a host of other policies.

With COOL, you can decide not to buy the product manufactured in the offending country. Granted, buying decisions are not usually made on the basis of strongly-held political beliefs, but sometimes they are... and they don't have to be ideological. Back in the 70s, housewives boycotted beef because they thought beef prices were excessively high. At first, beef producers and supermarkets dismissed the early protests as a 'flash in the pan.' After awhile, when beef was spoiling and profits were affected, things changed. The boycott worked; and prices came down. Never underestimate the power of the consumer... or the government.

The United States Government doesn't directly control American business, but it does regulate trade with countries it deems unfit or unsuitable. We have something called, 'Most Favored Nation' (or MFN) status. According to the WTO, under the WTO agreements, countries cannot normally discriminate between their trading partners. Grant someone a special favor (such as a lower customs duty rate for one of their products) and you must do the same for all other WTO members.

This principle is so important that it is the first article of the General Agreement on Tariffs and Trade (GATT), which governs trade in goods. MFN is also a priority in the General Agreement on Trade in Services (GATS) (Article 2) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (Article 4), although in each agreement the principle is handled slightly differently. Together, those three agreements cover all three main areas of trade handled by the WTO. Some exceptions are allowed. For example, countries can set up a free trade agreement that applies only to goods traded within the group, essentially discriminating against goods from outside.

They can give developing countries special access to their markets or a country can raise barriers against products that are considered to be traded unfairly from specific countries. With services, countries are allowed, in limited circumstances, to discriminate, but the agreements only permit these exceptions under strict conditions. In general, MFN means that every time a country lowers a trade barrier or opens up a market, it has to do so for the same goods or services from all its trading partners — whether rich or poor, weak or strong.

As everyone knows, politics affects trade and so can a country's value system. The human rights policies of Burma (their government calls the country, Myanmar) are deplorable and offensive to many people. Needless to say, Burma is not an MFN. Neither is Iran or North Korea. While it's said that Americans vote with their feet, the American government votes with its trade policies.

Do other countries have COOL?

Not exactly. The GATT doesn't require it, and that makes it difficult for the average non-U.S. consumer to tell where something was made. Every country does have import restrictions and regulations, however. For example, many products made within the European Union carry the country of origin label or marking "Made in EU" or "Made in EC." Some companies get around this by marking their products "Made in Europe" as opposed to being made in the European Union (a legal entity with its own rules and regulations as opposed to a geographic reference to "Europe").

A similar marking, "Made for Europe," is used by some manufacturers outside Europe. This can be very confusing to many consumers (especially to those who don't speak English well) and should be replaced with the U.S. COOL. Similar labels are 'Made in/for North America', or 'German (or other country) Designed' - but manufactured and assembled elsewhere. For example, the old, 'Made in PRC' label used to confuse a lot of people until it was replaced by the 'Made in China' marking.

Should you be concerned about COOL if you're exporting?

Absolutely, and that goes for all the other country of origin requirements your target export market requires. Time spent in researching the import requirements for your specific type of product is always time well spent. The more information foreign consumers have (whether they be industrial or retail consumers), the greater the likelihood that they will view your company as a serious one, respectful of their market and culture, and view your products as a sound purchase.



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