

# **Local and National Government-set rules for Production of Agricultural Products**

- **Biotechnology restrictions**
- **Mandates on labeling**
- **Bans on farm production inputs and practices:**
  - **No antibiotics or ractopamine in hog production**
- **Requirements for segregation, traceability and assurance that standards are met.**
- **Four years ago California voters stipulated that any eggs produced in CA needed to be from hens with more space**
- **Implications of that law were widely misunderstood.**
- **The issue is national and global and regulations have been spreading Farm bill provisions on hen housing.**
- **Government-set regulations are different from consumer-demand driven market specifications**

## Conventional cages

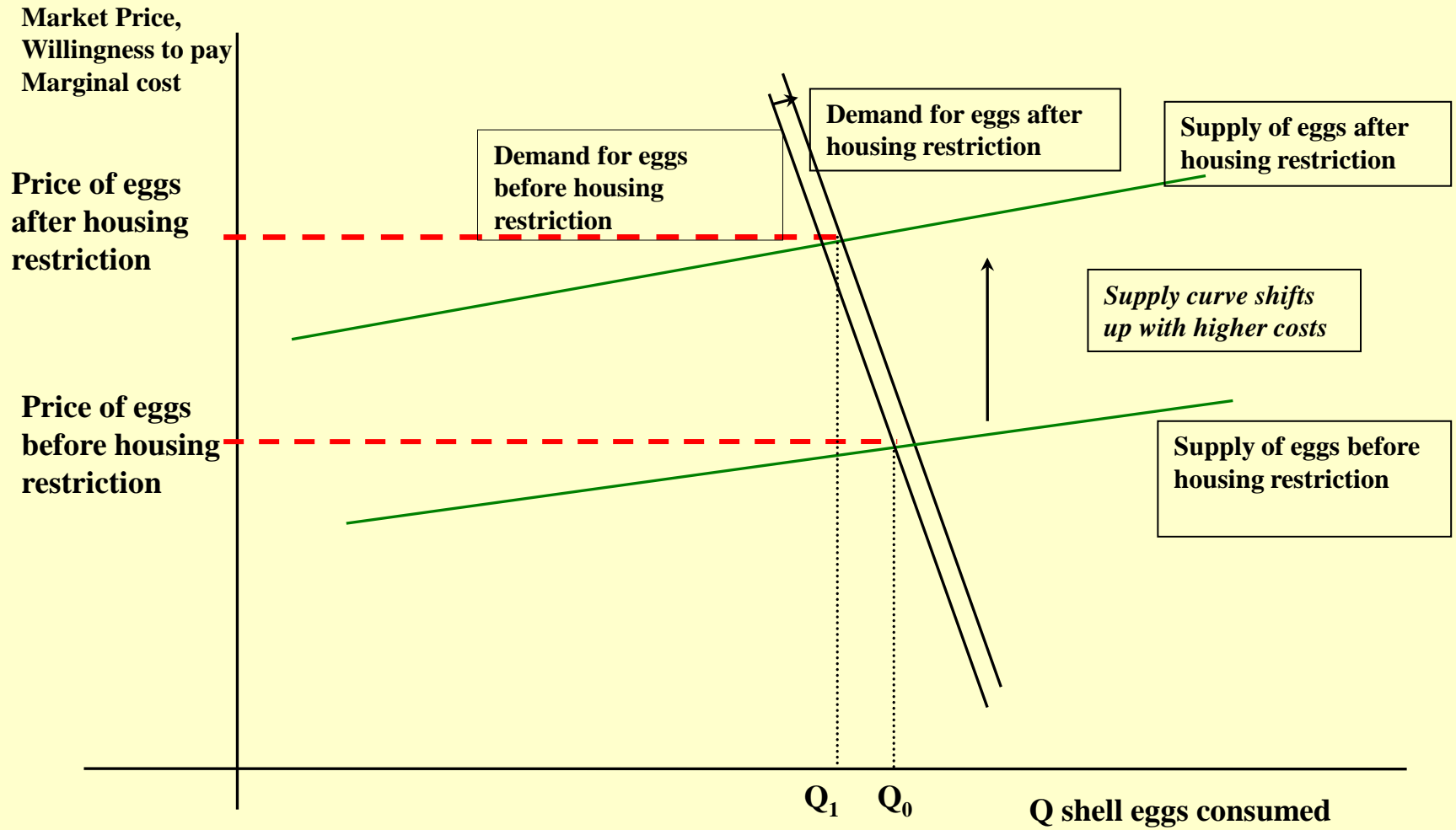


## Non-cage systems



**Housing systems affect costs of production mainly through feed efficiency, labor costs and marketable eggs per hen. Non-cage is more costly at the farm and for consumers**

**Supply functions are quite elastic over a several year horizon because there is no limiting resource (such as land or breeding stock) and technology is replicable over this horizon.**



# **A 2010 California Law extends noncage restriction to eggs sold in California, July 2010**

- **Eggs produced for California shell egg market will be noncage**
- **The 97% of consumers who now buy conventional eggs (and who could now choose noncage) will pay more**
- **Farm prices up by about 40%, retail prices may rise by more or less in % terms, depending on the marketing margin relationship**

# Many egg alternatives are already in the market



# **Production standards and trade barriers**

- **Unless there are import barriers, cost-increasing animal care restrictions affect **where** products are produced, **not how** and benefit imports over local producers that meet local rules**
- **That means costly local rules do not affect production practices**
- **National, state, and local measures need trade barriers to change animal care standards, unless local production standards are required of imports**
- **This is a natural case for a technical barriers dispute, if anyone cares enough to bring a case**
- **The current farm bill drafts include rules to limit imposing state standards on production in other states.**
- **The first such WTO case may be between U.S. States and the first shots are in the Farm Bill.**

## **Farm bill rules on how things are produced**

**The Humane Society and the United Egg Producers – unlikely bedfellows back [legislation](#), co-sponsored by California Sen. Feinstein and strongly opposed by most cattle and pork producers, spells out national [hen-housing](#) rules and puts an end to the state-by-state approach.”**

**Rep. Peter King from Iowa backs an amendment to the farm bill that would block states from enacting their own laws like Proposition 2, which could keep Iowa eggs out of California. “Protect Interstate Commerce Act”, says that individual states cannot ban certain food products from outside their borders even if they object to how they were produced.”**

# **Article 2 of the TBT Agreement of the WTO**

**2.1) Members shall ensure that in respect of technical regulations, products imported from the territory of any Member shall be accorded treatment no less favorable than that accorded to like products of national origin and to like products originating in any other country.**

**2.2) Members shall ensure that technical regulations are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to international trade. For this purpose, technical regulations shall not be more trade-restrictive than necessary to fulfill a legitimate objective, taking account of the risks non-fulfillment would create.**



**Hogs of Canadian origin look like U.S. hogs and the meat is the same. The market created no incentive for origin labeling before government mandates no significant competitive advantage to origin labels**

