

6.3.2 GATT Ice Cream and Yogurt Decision:

At its October, 1989, Council meeting the GATT released a panel report which found Canada's restrictions on the import of ice cream and yogurt products to be inconsistent with Canada's GATT commitments. This panel had been convened at the request of the United States.

After consideration, Canada agreed to the adoption of the report, but indicated that its findings would not be implemented until the end of 1990 when the Uruguay round of the MTN is completed.

This decision may have an impact on some of Canada's market management mechanisms, which make extensive use of quotas to regulate production. Maintaining the system in many sectors of the agriculture industry requires a defined market for the goods, a market which in many cases depends on import restrictions on down-stream products using managed products as inputs. If this issue is not resolved in the current GATT negotiations, Canada could find itself subject to more such GATT actions, and the United States could make use of FTA mechanisms to achieve enforcement.

It should be noted that the United States is not subject to the GATT on similar matters, since it sought and received a waiver for its own agricultural practices from the GATT in 1955.

6.3.3 Ontario Provincial Trucking Regulations:

The Ontario government has recently decided to allow longer truck semi-trailers. However, the legislation has not yet been approved by the Ontario legislature and interim regulations allow the use of the longer trucks, but only if they are Canadian-made. This interim change was made to ensure continued sales by Ontario-based manufacturers which were experiencing a loss of sales while the industry awaited the new legislation. U.S. manufacturers and truckers have objected that the interim regulation is a trade distorting measure.