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GOVERNMENT ANNOUNCES CONSULTATIVE PROCESS FOR RESPONSE TO U.S. ACTION ON CANADIAN SUGAR/DEXTROSE BLENDS

International Trade Minister John C. Crosbie and Minister of State (Privatization and Regulatory Affairs) John McDermid today released for public comment a list of products from which the government is considering selecting items for withdrawal of tariff concessions under the GATT in response to the unwillingness of the United States to restore access for Canadian sugar/dextrose blends.

In converting the U.S. Tariff to the Harmonized Tariff System, effective January 1, 1989 U.S. Customs classified sugar/dextrose blends under a tariff item subject to a more restrictive import quota than previously applied. Sugar/dextrose blends had been subject to a U.S. global quota for sugar-containing products of 76,203 metric tonnes, the major share of which had been filled by Canadian exports of sugar/dextrose blends since imposition of the quota in 1985. Sugar/dextrose blends are now subject to a U.S. country quota for sugar. Canada's share of this quota is only 11,583 metric tonnes in 1989. Canadian exporters will lose an estimated \$25 million a year in sales.

Minister Crosbie noted that Canada has made repeated representations to the United States regarding the action by U.S. Customs and its impact on Canadian export interests.

Under the GATT, Canada has the right to take action to compensate for the loss of Canadian trade resulting from the U.S. action. Accordingly, Minister Crosbie confirmed that Canada formally notified the GATT on May 31, 1989 of its intention to withdraw tariff concessions.

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