

Jacques". The products competed directly with each other and consumers perceived them to be of equal quality. The labelling requirement has altered this competitive relationship to the detriment of Canadian scallops by requiring them to be labelled with a label that carries a negative connotation in the market, while *Pecten maximus* are permitted to retain the premium label.

66. The consumer survey confirms that the labelling requirement would place Canadian scallops at a competitive disadvantage in respect of the French *Pecten maximus*. French consumers perceive scallops labelled "coquilles Saint-Jacques" to be a premium product and perceive that scallops labelled "pétoncles" are an inferior product. The consumer survey also confirmed that there is greater consumer demand for "coquilles Saint-Jacques" than for "pétoncles" and that French consumers are willing to pay a substantial premium for "coquilles Saint-Jacques".

67. Canadian exporters and French importers have advised that the effect of the Order has been a reduction in the number of orders placed for Canadian *Placopecten magellanicus*. There has also been a reduction in the quantity ordered and the price offered for Canadian scallops. The exporters and importers have also advised that the introduction of the Order and its modification through subsequent amendments has made it difficult to plan future trade as the demand, and the price paid, for Canadian *Placopecten magellanicus* depend to a large extent on how the product may be labelled.

68. The labelling requirement grants *Placopecten magellanicus* less favourable competitive opportunities than that accorded to domestic French *Pectens*. Thus, the Order accords less favourable treatment to Canadian *Placopecten magellanicus* contrary to Article III:4.

2. *The Order is inconsistent with GATT Article I:1*

69. Article I:1 provides:

... any advantage, favour, privilege or immunity granted by any [Member] to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the "like product" originating in or destined for the territories of all other [Members].

70. Article I:1 has been interpreted as prohibiting:

a contracting party from according an advantage to a product originating in another country while denying the same advantage to a *like product*