

## Common Elements of the Agreement That Affect Commodity Groups

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This section discusses the elements of the Agreement that affect the agriculture and food industry as a whole (a summary of the main elements of the Agreement may be found in Appendix A). Section 4 outlines their specific impact on each commodity.

### Tariffs

Canada and the United States will eliminate all agricultural tariffs within 10 years. With respect to fresh fruits and vegetables, a conditional "snapback" to the Most Favoured Nation (MFN) rate of duty will be allowed for 20 years.

Most tariffs on major export or import products of interest to Canada will be phased out over the full 10-year period. Tariffs for some products such as hams, sausages and alfalfa meal will be phased out immediately. Live cattle and sheep and some food products will be phased out over five years.

Appendix B details the agricultural tariff phaseout.

### Export Subsidies

Both countries have agreed not to use direct export subsidies on agricultural products shipped to each other. At present, only the United States has a direct export subsidy program, i.e., the U.S. Export Enhancement Program (EEP). Exports to Canada have not been eligible for the EEP, so in reality this agreement will not result in any noticeable changes. It does, however, provide a degree of security for Canadian and U.S. producers.

### Consultation Related to Third-Country Markets

Both countries have agreed to take into account the export interests of the other when using any export subsidy on agricultural goods exported to third countries. They recognize that such subsidies may have prejudicial effects on the export interests of the other.

### Multilateral Trade Negotiations (MTN) — Common Objectives

Both countries have agreed that their primary goal with respect to agricultural subsidies is to achieve, on a global basis, the elimination of all those that distort agricultural trade. They agree to work together to achieve this goal through the Uruguay Round of multilateral trade negotiations (MTN). This element is an agreement to work together in the MTN towards a specific goal and has no direct ramifications at this time for Canadian industry.

### Technical Barriers to Trade

Both countries have agreed to minimize the trade impact of technical regulations and standards on agricultural, food and beverage goods. This involves bilateral co-operation of regulatory authorities to reduce technical differences that interfere with trade, while still protecting human, animal and plant health. This element of the package should prove very important for certain industries with significant export interests (e.g., red meats and potatoes).