

to unilateral economic sanctions remains strong. The Massachusetts sanctions law against Burma has been held unconstitutional by a Federal District Court; and there is the possibility that the Supreme Court, which has agreed to hear this case on appeal, may rule all such sub-federal sanctions unconstitutional.

Alcoholic Beverages

A 1992 GATT panel on U.S. federal and state measures relating to imported beer, wine and cider found that certain provisions of the federal excise tax and many state measures discriminated against imports. The panel recommended that the U.S. federal and state governments bring their inconsistent measures into conformity with their obligations.

According to Canadian industry and government research, few of those measures have been brought into conformity; in addition, new trade-distorting measures affecting Canadian exports of alcoholic beverages to the United States have been implemented at the state level since the GATT panel reported. Canada is therefore pursuing this issue further with the United States, to press for implementation of the GATT panel. This requires removal of the discriminatory elements of the federal excise tax on beer, wine and cider; it also requires reasonable measures by the Administration to ensure that the states observe the U.S. trade agreement obligations by removing discrimination from measures such as excise taxes and distribution practices.

RESISTING U.S. MEASURES THAT CONSTRAIN ACCESS

Marine Mammal Protection Act

The Marine Mammal Protection Act (MMPA) prohibits trade in marine mammal products regardless of species' conservation status, and therefore appears to be inconsistent with U.S. international trade obligations. For example, under the CITES, neither ringed nor harp seals are considered threatened or endangered in any way, and therefore no monitoring or trade restrictions are justified on the movement of products from either species. However, under the MMPA, both species are restricted, so that no imported product made from animals of these species is allowed into the United States. The MMPA would also appear to be in violation of the national treatment provisions of both the WTO and the NAFTA by allowing domestic produc-

tion in Alaska and commercial sales in the United States of products that it otherwise bans. Canada has communicated its concerns to the U.S. Administration and intends to take advantage of the MMPA re-authorization process in the Congress to reiterate its position. This process is expected to begin in March 2000.

Durum Wheat

Canadian durum wheat exports to the United States reached record levels in the 1998-1999 crop year — higher than in 1993-1994 when unilateral restrictions were imposed. Wheat producers in the United States and some members of Congress voiced concerns about imports from Canada and alleged unfair practices by the Canadian Wheat Board. These allegations have been found to be without substance, despite several investigations by U.S. agencies; indeed, Canadian wheat is purchased in the United States by customers who value its quality and consistency. These exports are an important part of a mutually beneficial, highly integrated North American agriculture and agri-food market. For example, Canadian durum wheat is imported by U.S. pasta producers who in turn export pasta to Canada. For a decade, the value of Canadian durum wheat exports to the United States has been comparable to U.S. pasta exports to Canada.

The United States was the destination for 12.37 percent of Canadian exports of all wheat by value in 1999. Canada will not restrict grain exports. Both sides are committed to a regular exchange of information on bilateral and international grains trade to help dispel misperceptions about the impact of Canadian exports on the U.S. market, and to deal with other issues such as trade practices in third-country markets. In addition, Canada continues to encourage increased consultation and cooperation among industry groups on both sides of the border.

Country of Origin Labelling Initiatives

Congress has proposed introducing new country of origin labelling (COL) requirements for beef, lamb and pork, with potential consequences for Canadian exports. Canada and the United States agree that COL requirements on agricultural and food products should be consistent with obligations under the NAFTA and the WTO. Canada will continue to oppose legislative amendments that would require mandatory COL requirements for meat.