

Sugar and Sugar Containing Products

The United States maintains quantitative restrictions on the importation of a wide range of sugar containing products (SCPs) through tariff rate quotas (TRQs). On January 1, 1995, the United States added crystal drink mixes, previously unrestricted, to the list of products subject to the "basket" TRQ for SCPs. The "basket" TRQ has been set at 64,709 tonnes for the sugar year beginning October 1, 1995. The TRQ is administered on a global first-come first-served basis. In addition, certain Canadian exports of SCPs containing more than 65% sugar and undergoing further processing have been cut off completely due to changes made by the United States Customs Service to the definition of "further processing" and "ultimate consumer". The reclassification of crystal drink mixes and the definitional changes made by U.S. Customs have led to a 40 to 50% reduction in Canada's exports of certain SCPs to the United States.

Beginning October 1, 1995, Canadian exports of refined sugar have been subject to a global TRQ of 22,000 tonnes. The TRQ is in effect for the sugar year beginning October 1. In 1995, the TRQ was filled in November. Since 1991, Canada's exports of refined sugar to the United States averaged 35,000 to 38,000 tonnes yearly.

Peanut Butter

Effective January 1, 1995, as part of its Uruguay Round implementing legislation, the United States imposed new quantitative restrictions on Canadian exports of peanut butter and peanut paste in the form of an annual Canada specific TRQ of 14,500 tonnes. This measure restricts any future growth in Canadian exports, which had increased from 4,281 tonnes in 1991 to 14,546 tonnes in 1993.

Dairy and Dairy Products

With the implementation of the WTO, and the resulting expiry of the U.S. GATT waiver for Section 22 action, the United States tariffed its import restrictions for dairy products, effective January 1, 1995. Imports of dairy products must also comply with laws and regulations such as the U.S. Federal Import Milk Act and U.S. milk marketing orders.

The administration of U.S. technical restrictions on the importation of yoghurt has presented difficulties for Canadian exporters. As a result of unclear and sometimes conflicting interpretations of the regulations of the United States Federal Import Milk Act and the Grade A Pasteurized Milk Ordinance, several Canadian companies have been unsuccessful in their attempts to obtain the required permission to distribute their yoghurt products in the United States.