

**AGRICULTURAL SECTOR : QUESTION #7**

- A) Under the FTA, certain Canadian fruit and vegetable provisions were maintained such as restrictions imports in bulk packs and the prohibition of consignment sales. What affect will a NAFTA have on non-tariff barriers?

**Background:**

The United States may wish to eliminate Canadian restrictions on imports of bulk pack fresh fruit and vegetables and on the prohibition of consignment sales on imports.

**RESPONSE:**

- THE NAFTA NEGOTIATIONS WILL RESPECT BUILD UPON WHAT WAS ACHIEVED UNDER THE FTA FOR CERTAIN AGRICULTURAL PRODUCTS. WE WILL RESIST ANY ATTEMPTS TO CHANGE SUBSTANTIALLY THE PROVISIONS SET OUT IN THE FTA FOR THE IMPORT OF AGRICULTURAL GOODS INTO CANADA FROM THE UNITED STATES.

- B) What international interests does Canada have with respect to non-tariff barriers?

**Background:**

**Mexico-**

Import licensing in Mexico will likely be phased out on most of the 50 or so goods still subject to licensing. Mexico may resist the complete removal of licenses for products which are considered to be staples, such as dairy goods, dried kidney beans, corn and, perhaps, beef.

**United States-**

Under the FTA, both Canada and the United States are entitled to maintain import quotas. In the case of Canada, those operate according to Article XI of the GATT. In the case of the U.S., they function under a derogation to the GATT.

**RESPONSE:**

- IT IS TOO EARLY AT THIS POINT IN TIME TO PREDICT THE FULL OUTCOME OF THE NAFTA NEGOTIATIONS WITH RESPECT TO NON-TARIFF BARRIERS. THE GOVERNMENT WILL SEEK, OF COURSE, THE GREATEST POSSIBLE ACCESS TO THE MEXICAN MARKET.
- THE FTA AND GATT PROVISIONS ON THE IMPORT QUOTAS BETWEEN CANADA AND THE UNITED STATES WILL NOT BE ALTERED BY THE NAFTA.