

- continue to monitor closely and respond to key measures that may distort trade and investment decisions in the North American market;
- continue to press against U.S. Customs' unilateral reclassification action which prejudices Canadian products such as drilled studs, notched studs and rougher-headed lumber;
- continue to oppose the extraterritorial application of U.S. laws;
- continue to advance Canadian market access objectives in other areas, such as services and government procurement; and promote Canada as an investment destination; and
- pursue amendments to the Marine Mammal Protection Act in order to harmonize it with international principles, such as those contained in the Convention on International Trade in Endangered Species (CITES).

The remainder of this chapter provides additional detail on key U.S. market access issues for Canada over the next year. It should not be regarded as an exhaustive inventory of obstacles faced by Canadian firms doing business in the United States, nor as an exclusive list of issues that the Canadian government will pursue.

EXERCISING CANADA'S RIGHTS UNDER TRADE AGREEMENTS

Sugar and Sugar-containing Products

In 1997, Canada and the United States exchanged Letters of Understanding whereby Canada received country-specific allocations allowing certain quantities of Canadian sugar-containing products (SCPs) and refined sugar to be imported duty-free each year into the United States. Canada is also able to compete with other countries for the non-allocated portions of these tariff rate quotas (TRQs). To ensure predictable access to the SCP TRQ for Canadian exporters, as part of the joint Canada-U.S. Action Plan on Agricultural Trade, as of February 4, 2000, the United States requires an export permit, issued by the Canadian government as a condition of entry when the exporter or importer is claiming preferential tariff treatment. Canada will continue to ensure that our access to the U.S. sugar market is not eroded and that the TRQ for SCPs is administered effectively and fairly.

Total TRQ for SCPs	64,709 tonnes
Amount allocated to Canada	59,250 tonnes
Non-allocated portion	5,459 tonnes
Total TRQ for refined sugar	22,000 tonnes
Amount allocated to Canada	10,300 tonnes
Non-allocated portion	7,090 tonnes

Softwood Lumber Agreement

The United States has unilaterally reclassified three products (drilled studs, rougher-headed lumber and notched studs) to bring them under the Canada-U.S. Softwood Lumber Agreement. Canada is challenging these reclassifications and has requested arbitration. The Softwood Lumber Agreement will expire March 31, 2001, and the federal government has begun consulting with stakeholders to assess the next steps.

Canada and the United States resolved a dispute over changes to stumpage fees in British Columbia, with an exchange of letters on August 26, 1999.

More detailed information and the latest developments regarding the Softwood Lumber Agreement can be found at <http://www.dfait-maeci.gc.ca/~eicb/softwood/lumber-e.htm>

Sanctions

Canada continues to support the use of economic, and preferably multilateral, sanctions as an appropriate instrument of foreign policy for promoting acceptable standards of behaviour on the part of offending regimes. At the same time, the Canadian government believes that the use of those sanctions must conform with established international practice and remains concerned over the continued application of unilateral economic sanctions with extraterritorial effect by the United States. Such measures harm the legitimate right of Canadians to trade and invest freely, provided that they do so in accordance with Canadian law, the law of the country in which they are operating and international trade practice. At the federal level, the most notable examples are the Cuban Liberty and Democratic Solidarity Act (LIBERTAD) (also known as the Helms-Burton Act) of 1996 and the Iran and Libya Sanctions Act (ILSA) of 1996. A number of states and municipalities have also conditioned business relations with them on the embargo of certain foreign governments. But private sector opposition