

VII. QUANTITATIVE RESTRICTIONS

Section 22 of the Agricultural Adjustment Act of 1938, as amended, allows the United States to impose quotas or fees on imports when it determines that these imports interfere with domestic price support programs. In 1955, the United States obtained a waiver of certain GATT obligations for actions taken under Section 22. (Canada voted against the waiver request.)

Currently, the United States maintains Section 22 import quotas on a wide range of products affecting Canadian exports of dairy products and certain sugar-containing products.

For certain dairy products, such as ice cream and some cheeses, Canada has no quota allocations and is therefore prohibited from entering the U.S. market. In addition, the United States maintains a Section 22 import fee on imports of refined sugar. In January 1994, the United States initiated investigations under Section 22 of imports of wheat and peanut butter from Canada. Such investigations and the threat of quantitative restrictions under Section 22 create great uncertainty for Canadian exporters of agricultural products.

As a result of the Uruguay Round, the United States is expected to convert existing Section 22 quotas into tariff equivalents and the GATT waiver will terminate.

VIII. INVESTMENT

Numerous U.S. federal laws and regulations limit Canadian investment in the United States. Canadians cannot invest in nuclear energy and can invest only with restrictions in radio and television, U.S. air carriers, ship building, banking and insurance, maritime transport and fisheries, natural resource industries, communications and defence-related sectors. Federal and state research and development programs sometimes contain regulations that prevent Canadian firms from becoming members of consortia.

State governments place restrictions on foreign ownership, particularly in real estate (where some 30 states maintain restrictions on non-resident foreigners or foreign corporations), banking, insurance, mining and utilities.

The United States justifies its federal restrictions almost exclusively on the grounds of national security. Only in the fishing industry are federal restrictions on foreign investment based on criteria other than national security. For purposes of investment, the term "national security" has never been publicly defined.