
Marketing Orders

Under Section 8(e) of the Agriculture Marketing Agreement Act of 1937, over 20 agricultural commodities are subject to federal marketing orders, which include inspection requirements, as well as minimum size, grade, quality and maturity standards. Federal marketing orders apply to products grown in the United States within a designated area. In the case of some marketing orders, imports of fruits and vegetables into all regions of the United States must meet the standards established under the order, even though competing U.S. producers in areas excluded from the order are not subject to the same standards.

Futures Contracts

The Commodity Futures Trading Commission (CFTC) approved, on November 26, 1991, a Chicago Board of Trade (CBOT) proposal for a "buyers call option", which allows the buyer of futures contracts for wheat, corn, soybeans, soybean oil and soybean meal the option to request delivery of products of "U.S. origin only". The CFTC also approved a Kansas City Board of Trade regulatory change, similar to that of the CBOT, for Hard Red Winter Wheat.

The buyers call option discriminates against Canadian commodities delivered against U.S. futures contracts. In particular, warehouses are reluctant to handle Canadian soybeans because of the increased costs and inconvenience associated with the small volumes exported to the United States. This option limits market access to the United States and lowers affected Canadian commodity prices.
