Commodity Areas Covered by MOU on Agricultural Cooperation

- Poultry and poultry containing products
- Beef products
- Pork products
- Sugar
- Malt
- Grains
- Potatoes
- Live animals, embryos and semen
- Pulse crops
- Oilseeds and products
- Fruit and vegetables
- Fish and sea products

Brazilian Tariff on Wheat

In 1996, Brazil notified WTO Members that it intended to begin applying a duty, currently set at 13 percent, to importations of wheat that had previously been duty free. As Canada is a major supplier of wheat to Brazil, we exercised our right to request compensation for the raised tariff. Since then, Canada and Brazil have held a series of consultations, but have not to date been able to agree on a settlement. It is hoped that a resolution will be achieved through a related initiative under the new Canada-Brazil MOU on Agricultural Cooperation.

CHILE

Overview

Now in its second year, the Canada-Chile Free Trade Agreement (CCFTA) and its two parallel agreements on environmental and labour cooperation entered into force on July 5, 1997. On that date, tariffs were eliminated on the majority of products that make up Canada-Chile bilateral trade. For products on which tariffs are being gradually eliminated over the next few years, the third round of cuts was made on January 1, 1999. Tariffs on most other industrial and resource-based goods will be phased out by 2003.

The implementation of the CCFTA heralds a new era in bilateral co-operation with Chile, which has already expanded significantly in recent years. The total value of two-way trade in goods has more than doubled over the past five years, reaching $672 million in 1998. Canada's exports of goods totalled $313 million and imports reached $359 million in 1998. Canada has become the second-largest foreign investor in Chile, with current and planned investments approaching $11 billion. While it is yet too early to assess the impact of the CCFTA on the bilateral trade and on investment, clearly the longer term trends have been very encouraging.

The signature by Canada and Chile on January 21, 1998 of the Convention on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (DTA), the first of Chile's new generation of tax treaties, meets one of the key commitments contained in the CCFTA. This Convention will facilitate the growth in trade and investment between Canada and Chile by establishing a more stable taxation framework for individuals and companies doing business in each other's country. The necessary steps have been completed in Canada for the DTA to enter into force as soon the Chilean government advises that it has completed its domestic approval process. The provisions of the DTA will apply as of January 1st of the year following the entry into force. This is expected to be January 1, 2000.

As well, a comprehensive work program, comprising eight committees and working groups, has been launched to carry out the implementation of the major elements of the CCFTA. For example, through the Committee on Trade in Goods and Rules of Origin, in April 1998, Chile clarified certain customs documentation requirements that apply where Canadian goods are transhipped through intermediary countries. In June 1998, Chile removed several products from its so-called "Simplified Duty Drawback" program, which is in reality an export subsidy. Canada responded by eliminating the import tariff on the corresponding products in October 1998. The Committee will continue to pursue any proposals to accelerate tariff reductions on products of interest to industries in the two countries. There have been no formal CCFTA disputes to date and none currently on the horizon.

Progress has also been made in fulfilling the CCFTA first and second year obligations in such areas as completing the public documentation on temporary