

U.S. made components when assembled in Mexico lose their U.S. identity for FTA purposes.

The U.S. interpretation and implementation of the FTA rules of origin are consistent with Canada's position. Enforcement of this customs provision of the FTA is being strictly carried out through certification and auditing procedures.

### **1.3 Chapter 6: Technical Standards**

This chapter requires Canada and the U.S. to recognize each other's accreditation systems for testing facilities, inspection agencies and certification bodies. The Standards Council of Canada (SCC), following the amendment of its Act to provide for the accreditation of U.S. testing and certifying organizations, has implemented this change. The SCC is now processing applications for accreditation from several U.S. organizations, and a number of Canadian organizations are also seeking accreditation from U.S. standards authorities.

### **1.4 Chapter 7: Agriculture**

Implementation of the institutional provisions of this chapter has gone smoothly.

The horticultural snapback provision allows Canada to apply, temporarily, an increased duty on imports of fresh fruits and vegetables when import prices fall below the five-year average and when the planted acreage is lower than the average for the last five years. A system for monitoring import prices and planted acreages has been established in Canada but was not used in 1989 as the conditions for imposing the temporary duty did not arise.

Another provision requires that Canadian import licences for wheat, oats, barley and their products are to be removed if U.S. support levels for each grain are equal to or less than Canadian support levels. The U.S., for its part, does not require import licences for these commodities. The two countries provided each other with their calculation of the government support for the 1986/87 - 1987/88 period. The support level for oats was lower in the U.S. while the levels for wheat and barley were higher in the U.S. Canada removed import permits for oats and oat products in June.

The Departments of Consumer and Corporate Affairs, National Health and Welfare, and Customs and Excise, in consultation with External Affairs and International Trade Canada successfully established a border control program to identify improperly labelled food products and ensure their conformity with Canadian standards. This action has stemmed the flow of improperly labelled food