

Horticulture

o Producers of fresh fruit and vegetables in British Columbia were seeking special protection from tariff elimination due to the seasonal nature of their produce and intense competition from southwestern United States.

Response

In recognition of the seasonal nature of horticultural production in British Columbia, Canada has maintained the right to restore temporarily tariffs on fresh fruits and vegetables for a 20-year period where depressed price conditions exist. This gives British Columbia producers an opportunity to adjust to more open trading conditions. This was a special measure, the only exception to the 10-year period for tariff elimination.

Softwood Lumber

o The softwood lumber sector will want to know why the softwood lumber MOU was not overturned in the FTA.

Response

The FTA does not deal with measures on dumping, countervail and safeguards which are now in place. Therefore the softwood lumber MOU stands. However, the existence of a new binational tribunal to review such cases and make binding decisions on them is a significant new feature. The binational panels will keep the system honest and free of political influence. If we had had such a mechanism when the softwood lumber case was launched, the outcome would have been much different.

o British Columbians will want to know what impact the FTA will have on the 35% tariff on shakes and shingles.

Response

The Agreement is forward-looking. It does not affect actions already in place.

The Agreement provides specifically that duty-free treatment will be restored when the current U.S. 201 action expires.

The 35% tariff imposed last year would not have passed the new rules on protecting the trend line and providing an allowance for growth.

The Canadian Government has requested the formation of a GATT Panel to examine a complaint that Japan is