

As bilateral agricultural trade continues to expand, the CCA will continue to serve as a key mechanism for addressing early stage agricultural trade issues between Canada and the United States, in partnership with the provinces and key stakeholders.

### **Bioterrorism Legislation**

On June 12, 2002, President Bush signed into law the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (the Bioterrorism Act or BTA). The stated objective of the BTA is to improve the ability of the United States to prevent, prepare for, and respond to bioterrorism and other public health emergencies.

The U.S. Food and Drug Administration (FDA) has published four rules pursuant to the BTA: (1) prior notice, (2) registration, (3) administrative detention and (4) record keeping. These requirements apply to the import of products such as live animals, fish, fresh fruits and vegetables, dairy products, bakery goods and animal feed. Products such as meat, poultry and shell eggs, all of which are under the exclusive jurisdiction of the U.S. Department of Agriculture, are not covered by the FDA's rules.

The interim final rules concerning prior notification and registration came into effect on December 12, 2003, and were fully enforced on November 7, 2004. These rules require (1) electronic prior notification of each shipment of food and feed exported to and via the United States and (2) registration with the FDA of all Canadian facilities that manufacture, process, pack or hold food for human or animal consumption in the United States and the designation of a U.S. resident agent. Canada has submitted formal comments on both of these interim rules.

The final rule for administrative detention was published on June 4, 2004. It authorizes the FDA to detain food or feed for which there is credible evidence or information indicating that it presents a threat of serious adverse health consequences or death to humans or animals. This rule applies to all products in the United States, regardless of origin.

On December 6, 2004, the FDA published the final rule concerning record-keeping by all persons residing in the United States and involved in the manufacture of food and/or feed. This rule also requires the establishment and maintenance of records by all

Canadians involved in the transportation of food and/or feed to and via the United States. Such records are to be kept for a minimum of six months (depending on the type of goods), must be available within 24 hours of request, and must allow for the identification of the immediate previous sources and immediate subsequent recipients of the food and/or feed.

The Government of Canada supports the objectives of the BTA; however, the Act's implementation comes with real costs for affected Canadian firms and may also cause some confusion in the export community. Responding to Canadian suggestions, the U.S. FDA and Customs and Border Protection have adopted a staged enforcement schedule and are undertaking education and awareness activities for industry. The FDA has indicated that all of Canada's comments will be taken into account prior to finalization of the rules in June 2005.

Up-to-date information on the BTA regulations is available on the Agriculture and Agri-Food Canada Web site ([http://ats.agr.gc.ca/us/bioterrorism\\_e.htm](http://ats.agr.gc.ca/us/bioterrorism_e.htm)).

### **Rules of Origin**

On January 1, 2003, Canada and the United States implemented measures to liberalize the NAFTA rules of origin applicable to seven products, including alcoholic beverages and petroleum/topped crude oil. The NAFTA Trade Commission (including Mexico) had agreed to these changes in 2002. Following Mexican Senate ratification, the changes were implemented trilaterally on July 15, 2004. These changes, requested by industry associations in Canada, the United States and Mexico, make it easier for exporters to meet the rules of origin and benefit from duty-free treatment under NAFTA. This increases the competitiveness of Canadian exporters, in particular the petroleum industry, which exported over \$25 billion worth of petroleum oils to the United States in 2004.

At the July 2004 NAFTA Commission meeting, ministers endorsed a rules-of-origin liberalization package covering a broad range of food, consumer and industrial products affecting approximately US\$20 billion in trilateral trade. Canada and the United States implemented the package on January 1, 2005, while Mexico's implementation is expected early this year. Work is well under way trilaterally to explore the