

Provincial Sensitivities

AGRICULTURE

Food Processing

Ontario's food processing industry has been concerned that with the removal of tariffs on finished food products, they will not be competitive because their agricultural input costs are higher than U.S. input costs.

Canadian food processors will be provided with the means to obtain competitively priced inputs through administrative changes to poultry import quotas, the continued operation of the supplementary import permit system, and Canadian grain policies such as the two-price wheat policy will be altered so the food processors will be able to continue to compete in the domestic and U.S. markets.

Horticulture

The horticulture sector, because of the seasonal nature of their products, has been very concerned about the removal of tariffs.

Special protection for fresh fruit and vegetable producers was negotiated to allow for a 20-year period for the temporary reimposition of the current tariff for any fresh fruit and vegetable when import prices are depressed below a trigger level.

This one exception to the 10 year period for tariff elimination will give Ontario producers extra time to adjust to a more open trading environment.

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

In recognition of the seasonal nature of horticultural production in Ontario, Canada has maintained, for a 20-year period, the right to restore temporarily the MFN tariff on fresh fruits and vegetables. Where the import price for fresh fruits and vegetables is below 90% of the previous five-year average monthly import price and the planted acreage of the importing Party is not higher than the previous five-year average (taking out the high and low year), the MFN tariff rate can be re-applied on a temporary basis.

The tariff can only be applied once a year nationally or once per year per region, for a maximum of 180 days. Two days' notice and consultations are required before application of the tariff.