

**Canadian and American interests-**

For Canada and the United States, this is a sensitive issue politically as evidenced by the present pork inspection processes employed under the FTA. This will remain an important issue under the NAFTA as well. The primary purpose of health and sanitation regulations is the maintenance of standards to ensure protection of human, animal and plant health in a scientifically justifiable manner. There is also interest in establishing reciprocal auditing programmes for contesting measures which appear to be unjustifiably applied.

**GATT related issues-**

NAFTA discussions on health and sanitary issues will be linked closely to the GATT negotiations and will build upon the new framework of rules and disciplines on health and sanitary measures expected to be achieved in the MTN on agriculture. The primary objective in both the Multilateral Trade Negotiations and the NAFTA is to ensure that health and sanitary regulations are not used as disguised barriers to trade. Analogous to the Canadian approach in the MTN, Canada will continue to ensure the integrity of food standards.

**RESPONSE:**

- STANDARDS FOR HEALTH AND SANITARY PURPOSES ARE OF GREAT IMPORTANCE UNDER THE NAFTA. IT IS AT THIS TIME TOO EARLY TO DETERMINE WHAT THE OUTCOME OF NEGOTIATIONS OF HEALTH AND SANITARY MEASURES WILL BE. WE WILL ENSURE, HOWEVER, THAT THE HEALTH OF CANADIANS OR THAT OF PLANT AND ANIMAL LIFE WILL, IN NO WAY, BE AT RISK.
- HEALTH AND SANITARY REGULATIONS IN THE NAFTA WILL BE BASED UPON DECISIONS TAKEN IN THE MTN.

**AGRICULTURAL SECTOR : QUESTION #4**

Given that Mexico has very different wage rates for agricultural workers, there is a tendency to higher volatility in prices due to other variables. How does the Canadian government plan to deal with such volatility in prices?

**Background:****Canada-**

Under the FTA, there existS a snap back mechanism (Article 702) which provides that for a 20 year period, either country may impose the MFN tariff on a temporary basis when certain price and acreage circumstances are met. Canada will need to ensure that the measures adopted will be balanced between our export interests and import sensitivities. An option might be to include as safeguard mechanisms both price and quantity measures, which would expire once the price or volume returns to within preset parameters.