Futures Contracts

The Commodity Futures Trading Commission (CFTC) approved, on November 26, 1991, a Chicago Board of Trade (CBOT) proposal for a "buyers call option", which allows the buyer of futures contracts for wheat, corn, soybeans, soybean oil and soybean meal the option to request delivery of products of "U.S. origin only". The CFTC also approved a Kansas City Board of Trade regulatory change, similar to that of the CBOT, for Hard Red Winter Wheat.

The buyers call option discriminates against Canadian commodities delivered against U.S. futures contracts. In particular, warehouses are reluctant to handle Canadian soybeans because of the increased costs and inconvenience associated with the small volumes exported to the United States. This option limits market access to the United States and lowers affected Canadian commodity prices.

Gas Exports to California

The dispute between the California Public Utilities Commission (CPUC) and Canadian interests regarding the restructuring of the Alberta & Southern supply has been resolved through total decontracting. However, there are several outstanding issues which will affect Canada's natural gas trade with California. The application of incremental tolling by the CPUC on the expansion of Pacific Gas & Electric in California and the imposition of a crossover ban have made it difficult for expansion shippers (predominantly Canadian producers) to secure markets in California. Incremental tolling on large integrated pipeline systems results in wide rate differentials for similar service and undermines a long-term fair market structure. The CPUC has also allowed discounting on transportation from the U.S. Southwest but has denied the use of discounted contracts on deliveries of Canadian gas.

Alcoholic Beverages

Federal and state legislative measures have established several barriers to imports of Canadian beer, wine and cider into the U.S. market. Such measures include state-mandated distribution systems that impose added costs on importers of Canadian products. Other measures relate to beer with an alcohol content of less than 3.2 percent (typically produced by U.S. brewers but not by Canadian).

Several U.S. states require that imported beer and wine be sold through an in-state agent or middleman, whereas local breweries can sell product directly to retailers. Some states require that foreign beer be transported exclusively by private transport companies, while locally produced domestic beer can be shipped directly to retailers by the breweries themselves. Various other state measures impose higher licensing