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## VII.

## AGRICULTURE BARRIERS

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### **Sugar and Sugar Containing Products**

The United States continues to maintain quantitative restrictions on the importation of a wide range of sugar containing products (SCPs) through tariff rate quotas (TRQs). On January 1, 1995, the United States added crystal drink mixes, previously unrestricted, to the list of products subject to the "basket" TRQ for SCPs. The effect of this measure is compounded by the fact that the United States had reduced the level of this TRQ in 1994 from 76,203 to 64,773 tonnes to accommodate concessions made to Mexico in the NAFTA. Canada is the main exporter to the United States of SCPs, including crystal drink mixes, and these new measures will lead to a 40 to 50% reduction in Canada's exports of these products to the United States.

Also, on January 1, 1995, the United States imposed an 8,000 tonne limit on imports of refined sugar from Canada between January 1 and September 30, 1995. On October 1, 1995, the United States intends to continue import restrictions through the creation of a new tariff-rate quota (TRQ) of 22,000 tonnes for refined sugar. Since 1991 Canada's exports of refined sugar to the United States averaged 35,000 to 38,000 tonnes yearly.

On February 10, 1995, Canada requested NAFTA Chapter 20 consultations with the United States concerning the trade restrictions affecting Canadian exports of refined sugar and SCPs.

### **Peanut Butter**

Effective January 1, 1995, as part of its Uruguay Round implementing legislation, the United States imposed new quantitative restrictions on Canadian exports of peanut butter and peanut paste in the form of an annual TRQ of 14,500 tonnes. This measure will restrict any future growth in Canadian exports, which had increased from 4,281 tonnes in 1991 to 14,546 tonnes in 1993.

### **Wheat End-Use Certificates**

On February 27, 1995, the United States implemented an end-use certificate requirement for imports into the United States of wheat from countries that, as of April 8, 1994, require end-use certificates for U.S. imports. As Canada is the only country requiring such certificates, the regulation will only apply to imports from Canada. The U.S. end-use certificate requirement was contained in the U.S. NAFTA Implementation Act. Canada will monitor carefully the U.S. regulation to ensure that U.S. end-use certificates are not applied in a trade restrictive manner. The end-use certificate requirements in both countries are to be reviewed by the Joint Commission on Grains established as part of the bilateral MOU on grains which took effect on September 12, 1994.

### **State Wheat and Barley Check Off Fees**

In April 1994, Minnesota extended its one cent per bushel wheat and barley checkoff fee to cover out-of-state and foreign grain as well as grain produced within the state of Minnesota. The check off fee is used to fund Minnesota wheat and barley research and market promotion councils. An exemption may be granted if it can be demonstrated that a fee with a "comparable purpose" is paid in the home jurisdiction. Canada has implemented its own check off system as of January 1, 1995, and has applied to Minnesota for an exemption. There are also concerns about the operation of check off programs in other U.S. states such as Montana and North Dakota.