

Real benefits to both countries have resulted from these cooperative efforts. For example, Canadian and U.S. agencies responsible for regulating pesticides have agreed on work plans aimed at increasing information exchange and harmonizing their regulatory systems. Other positive aspects of the ROU include:

- the in-transit grain rail program, which moved 7,037 rail cars (about 650,000 tonnes) of U.S. wheat, barley and oats through Canada between January and October 2002, compared with 1.1 million tonnes in all of 2001, almost 700,000 tonnes in 2000 and about 650,000 tonnes in 1999; and
- the joint publication of data on U.S. and Canadian cattle inventories.

The Consultative Committee on Agriculture will continue to serve as a key mechanism to address agricultural trade issues in partnership with the provinces and key stakeholders.

Forest Certification

There is ongoing demand in the U.S. for forest products that are certified as having been manufactured using wood from sustainably managed forests. The Canadian forest industry is responding through increased certification of our forests. As of December 2002, more than 113 million hectares of forest in Canada had been certified under one of the four certification and environmental management systems available in the country. This performance is clear evidence of broad industry commitment to sustainable forest management, meeting customer needs and assuring Canadians that our forests are well managed.

Canada is broadly supportive of certification as a voluntary, market-based tool to promote sustainable forest management. However, we want to ensure that certification is not used as a market access barrier. In particular, Canada would be concerned by any measure requiring mandatory labelling for forest products based on non-product-related process and production methods. Also of concern are procurement policies that specify that all products must carry the label of one specific certification scheme to the exclusion of other equivalent approaches. As well, Canada remains vigilant to protect against raw material specifications based on local conditions or inappropriate criteria. We will continue to monitor our access to key markets with a view to ensuring that certification remains

a voluntary marketplace activity and that criteria consistent with Canadian forest values are used to evaluate Canadian products.

Certification best supports sustainable forest management when all equivalent certification schemes are recognized in the market. For this reason, we support those who propose equivalency and mutual recognition of various similar certification schemes. It is also Canada's view that a diversity of certification systems is necessary to reflect the variety of producers' circumstances and to safeguard against the risks associated with monopolies. In this context, Canada will continue to encourage and support the recognition of a diversity of forest certification systems.

Biosecurity Measures

On June 12, 2002, the U.S. Public Health Security and Bioterrorism Preparedness and Response Act of 2002 was signed into law. The Act was designed to improve the ability of the U.S. to prevent, prepare for and respond to bioterrorism and other public health emergencies. In early February 2003, the Food and Drug Administration issued proposed regulations to implement the legislation. Written comments are due by April 4, 2003. The FDA plans to issue final rules by October 12, 2003, after considering the comments it receives, and to implement them on December 12, 2003. Canadian industry has raised concerns about provisions requiring the registration of foreign facilities that manufacture, process, pack or hold food for human or animal consumption (which also applies to U.S. domestic facilities), and requiring pre-notification to the FDA of foreign food product shipments before they enter the U.S. The Canadian government is consulting Canadian industry on comments to submit to the FDA. The government's submission will focus on how the FDA can meet its statutory obligations, while minimizing the potential trade impact on Canada.

Industrial Alcohol

U.S. regulations require that all industrial alcohol must pass through a U.S.-registered Distilled Spirits Plant (DSP) for testing to avoid an excise tax of \$13.50 per proof gallon on all alcohol entering the U.S. market. Because most American manufacturers of industrial alcohol are already recognized as DSPs,