

CANADA - UNITED STATES

# Free Trade Agreement

# Agriculture, Wine & Spirits

Canada and the United States are, to a significant degree, still the breadbasket of the world.

Both export great quantities of food—particularly grain—and both buy billions of dollars worth of mostly non-grain agricultural products from each other. The United States has a substantial surplus in bilateral agricultural trade, exporting (U.S.) \$2.9 billion to Canada while importing \$2.1 billion.

The Free Trade Agreement achieves a significant liberalization of trade barriers while leaving the two governments' domestic farm programs essentially in place.

## Grain

Canada and the United States are overwhelmingly exporters, not importers, of wheat and other cereals. The direct exchange between them, although small, has been hampered by non-tariff barriers. Canada will eliminate import permit requirements for U.S. wheat, barley, oats and their products as soon as the levels of the U.S. and Canadian support programs are equalized. Currently U.S. support levels for most grains are higher than Canadian support levels.

## Poultry

The quantities of U.S. poultry, poultry products and eggs imported into Canada will be increased.

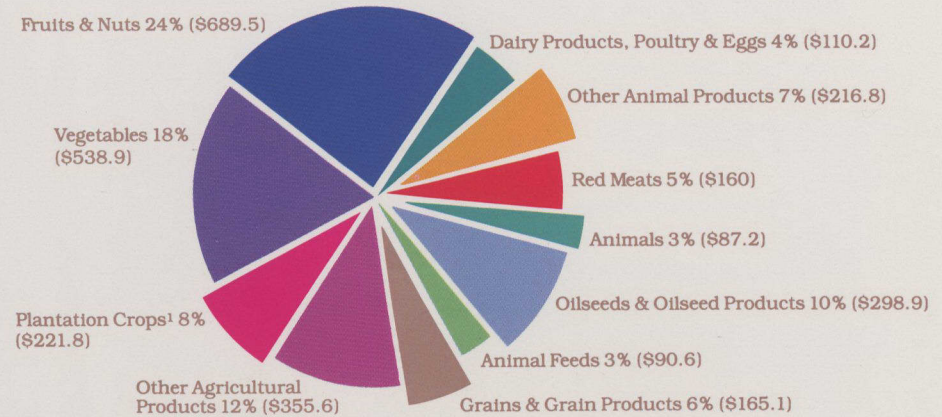
## Meat

Each country will exempt the other from its import laws on beef and veal, subject to certain conditions. This includes protecting the other country from diversion if restrictions are imposed on third countries.

## Subsidies

Canada will eliminate subsidies under the Canadian Western Grain Transportation Act for products moving through western Canadian ports to the United States. Both countries have agreed not to subsidize exports to the other. Existing national trade laws will remain in effect.

## U.S. AGRICULTURAL EXPORTS TO CANADA 1987, By Percentage, In Millions of U.S. Dollars

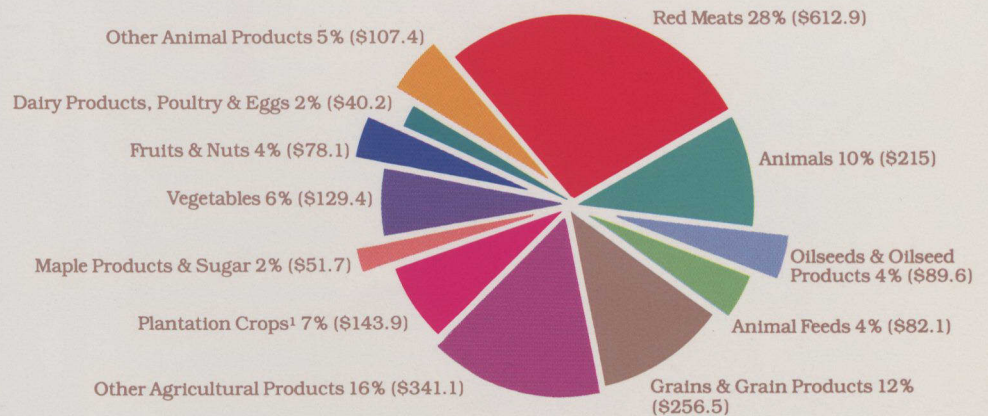


### Total U.S. agricultural exports to Canada: (U.S.) \$2.934 billion.

<sup>1</sup>Includes sugar, cotton and other vegetable fibres, raw tobacco, cocoa, coffee, tea and rubber.

Source: Statistics Canada

## U.S. AGRICULTURAL IMPORTS FROM CANADA 1987, By Percentage, In Millions of U.S. Dollars



### Total U.S. agricultural imports from Canada: (U.S.) \$2.148 billion

<sup>1</sup>Includes raw tobacco, cocoa, coffee, tea and rubber.

Source: Statistics Canada

## Technical Barriers

Technical regulations and standards affecting the trade in agricultural products and other food and beverage goods are intended to protect human, animal and plant health, but some have served as unwarranted barriers to trade. A number of past or potential irritants—such as a regulation requiring the staining of seeds to denote places of origin—

have been eliminated and both countries have agreed to reduce technical differences. The Free Trade Agreement has 12 schedules covering such areas as feeds, fertilizers, seeds, animals and plant health, veterinary drugs, pesticides, packaging, labelling and inspection.