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## **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 by requiring 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 and wine be transported exclusively by private transport companies, while locally produced product can be shipped directly to retailers by the producers themselves. Various other state measures impose higher licensing fees on foreign beer and wine and dictate uniform prices for out-of-state beers and wines. Local producers, on the other hand, have the advantage of lower fees and the opportunity to be more price-competitive in local markets. Some states maintain listing practices which discriminate against imported wine.

Canada challenged the United States on these measures at the GATT. The 1991 GATT Panel Report concluded that sixty state and two federal measures were inconsistent with their international trade obligations. However, after almost four years since the adoption of the Report, only two states, Mississippi and Michigan, have altered legislation to bring tax measures into fully conformity with the GATT. (In addition see Taxes on Alcohol in Section X and Canadian Actions under the GATT in Section XII.)

## **Marine Mammal Protection Act**

The Marine Mammal Protection Act (MMPA) of 1972 prohibits the taking and importation of endangered marine mammals and marine mammal products, subject to some exceptions. The prohibition has been applied to products of species that are not endangered. In addition, the ban does not apply to marine mammals taken by the Alaskan Aboriginal Peoples for subsistence or for the purpose of creating and selling authentic native articles of handicrafts and clothing. There is no such exception providing similar treatment for Canadian Aboriginal Peoples.

## **Newsprint Recycling Requirements**

Since 1988, a number of states have established programs to promote the recycling of newspapers, which distorts local markets. These programs are either voluntary or mandatory in nature and typically specify levels of recycled paper to be contained in newsprint purchased by newspaper publishers. While newsprint recycling legislation has not been adopted so far in the Congress, certain measures have been proposed including content requirements, taxes on virgin materials and tax incentives to purchase recycling equipment. The only U.S. Administration measure on recycling affecting the paper sector has been the Executive Order announced October 20, 1993 by President Clinton calling for minimum recycled content in federally procured paper (20% in 1995 increasing to 30% in 1999). While the objective of the recycling programs is laudable, the requirement for minimum recycled content is trade restrictive.