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# news release

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## CANADA REQUESTS FREE TRADE AGREEMENT DISPUTE SETTLEMENT PANEL TO RESOLVE UHT MILK SHIPMENTS TO PUERTO RICO

The Honourable Pierre Blais, Minister of State for Agriculture and Minister of Consumer and Corporate Affairs, today announced -- on behalf of the Honourable Michael Wilson, Minister of Industry, Science and Technology and Minister for International Trade -- that the Government of Canada has requested a binational dispute settlement panel under the Canada-U.S. Free Trade Agreement (FTA) to resolve the issue of shipments of ultra high temperature (UHT) milk to Puerto Rico.

The decision was taken, after formal consultations with the United States under Article 1804 of the FTA were unable to resolve the matter.

"We feel that it is in Canada's best interest to see this issue resolved through a panel," said Mr. Blais. "Canada maintains that UHT milk produced in Canada is equivalent to the U.S. product."

In December 1989, Puerto Rico was accepted as a member of the U.S. National Conference on Interstate Milk Shipments (NCIMS), which provides for reciprocal trade between members. Canada, which is not a member of the NCIMS, was refused access to the Puerto Rican market for UHT milk on the basis of alleged differences between Canadian and U.S. sanitary standards related to UHT milk.

A Canadian company, Groupe Lactel, from Quebec had been exporting UHT milk to Puerto Rico for more than 15 years. Exports, worth upwards of \$8 million annually, were estimated at filling 40 per cent of Puerto Rico's requirements.

Chapter 18 panels have five members -- two Canadians, two Americans and a fifth member chosen by agreement. These panels may be established at the request of either Canada or the United States to settle differences that arise over the interpretation or the application of the FTA.

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