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# news release

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## AUDITOR'S REPORT OF CANADIAN WHEAT BOARD DURUM WHEAT SALES TO THE UNITED STATES

Minister for International Trade Roy MacLaren and U.S. Trade Representative Mickey Kantor today announced the results of the first audit of Canadian Wheat Board (CWB) durum wheat sales to the United States.

On May 11, 1992, the United States requested the establishment of a Canada-U.S. Free Trade Agreement (FTA) Chapter 18 dispute settlement panel regarding the interpretation of, and Canada's compliance with, Article 701.3 of the FTA with respect to CWB durum wheat sales to the United States. This article requires that the CWB not sell durum wheat to the United States below the acquisition price of the goods, plus any storage, handling or other costs incurred by it with respect to those goods.

The panel ruled on the interpretation of the article, but did not make any finding as to whether Canada was in compliance with it. The panel recommended that annual audits of CWB durum wheat sales to the United States be conducted to determine whether Canada was in compliance.

During the period audited, January 1, 1989 to July 31, 1992, the CWB completed 105 contracts for durum wheat sales to the United States. Of those 105 contracts, 102 were found to be in compliance and three contracts were found not to be in compliance with Article 701.3 of the FTA. On average, the 102 contracts found to be in compliance (totalling 1 028 548 tonnes) exceeded the acquisition price plus storage, handling and other costs, as defined by the panel, by \$28.72 per tonne. The three contracts (totalling 13 985 tonnes) found to be in violation occurred during the January 1, 1989 to July 31, 1989 period, and were an average of \$5.82 per tonne below the level calculated in accordance with Article 701.3.

The auditor concluded that, except for these three contracts, the CWB has complied, in all material respects, with Article 701.3 of the FTA.

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