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Winter 2003
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MULTILATERAL DEVELOPMENTS

1. WTO Negotiation Status Update

The WTO's Trade Negotiating committee, which is responsible for co-ordinating the trade negotiations under the Doha Development Agenda, met in October 2002. This was the first meeting to be chaired by the WTO's new Director-General, Dr. Supachai Panitchpakdi. Dr. Supachai, heralding from Thailand, is expected to be very sympathetic to the concerns of developing countries as this round of negotiations proceeds.

Most of the focus of up-coming work is to prepare for the Fifth Ministerial Conference in Cancun, to take place in September 2003. This conference is to act as a mid-term review of progress on trade negotiations, with a view to concluding the negotiations by the January 1, 2005 deadline.

There are a number important issues with respect to implementation, special and differential treatment for developing countries and access to medicines for developing countries that are still outstanding. The period of March to May 2003 will see a number of deadlines with respect to negotiations on agriculture, services, non-agricultural market access and dispute settlement. The success of the Cancun Ministerial will be dependent on how successfully these intermediate deadlines are met.

WTO website

DFAIT website on Canada and the WTO

2. WTO Agricultural Negotiation Update

The Committee on Agriculture held another in a series of negotiation sessions in late November 2002. Items discussed included special and differential treatment in domestic support, special safeguards for developing countries for food security, tariff rate quota administration, and export competition (including export credits, State
Agriculture Negotiations Committee Chairman Stuart Harbinson’s overview paper was released on December 18th. The overview paper maps out areas of convergence and areas where more work needs to be done in the agricultural negotiations. The paper identifies progress on issues relating to tariff quota administration and export credits, but notes significant gaps still present in many of the other key areas - especially domestic support and market access. Chairman Harbinson is to produce a draft paper outlining Members’ offers by March 31, 2003 which, if met, will give a strong indication of the direction in which agricultural negotiations are going.

AAFC announced that Ms. Suzanne Vinet would assume the position of Director General, Trade Policy in Services, Investment and Intellectual Property Bureau at the Department of Foreign Affairs and International Trade effective December 9, 2002, thereby promoting Ms. Vinet to the responsibility of overseeing Canada’s entire WTO trade negotiating team. Pending the appointment of a new Chief Agricultural Negotiator, Rory McAlpine, Director General of the International Trade Policy Directorate, will temporarily assume Suzanne’s former responsibilities.

3. Canada Loses WTO Dairy Export Decision

On December 20, 2002, the WTO Appellate Body (AB) released its finding that Canada continues to subsidize its exports, and recommended that Canada bring those exports to within its subsidy reduction commitment levels. The decision was grounded on adverse rulings with respect to two issues: (1) whether producers conferred a "benefit" or "payment" onto processors, and, if so, (2) whether that occurred "by virtue of government action".

On the "payment" issue, the AB confirmed that the correct standard of analysis is to compare an industry-wide, average cost-of-production (COP) calculation against the average export sale price. The AB confirmed that the COP calculation is to be inclusive of all resource investments made by the producer leading up to sale, including family labour, administration, marketing, transportation and quota costs. On this basis, the AB settled on the understated annual CDC published figure of $58/hl, and although recognizing that quota costs are not included in this figure, considered it sufficient to ground the finding of a significant disparity from the average $30/hl export price for milk.

The AB applied an expansive interpretation of the "government financing" component to Article 9.1(c), ruling that latent government action that neither directs a party to subsidize a particular good nor has the intent of leading to subsidization, is still sufficient to trigger the agricultural export subsidy discipline in question. In this instance, the AB found that by virtue of government regulation of domestic production and marketing, the Canadian government had supplied producers with the capacity necessary to engage in export milk production at prices that failed to cover their cost of production. Further, the AB pointed to a "single line of production for all milk" - that is, identical farms, identical cows, identical storage and transportation facilities, involved in the manufacture of the same dairy goods regardless of destination market. The AB reasoned that this allowed for cross-subsidization to occur from the more remunerative domestic market to the export market.
Canada is under an obligation to bring itself into compliance forthwith, or face retaliatory action. The ruling enters WTO jurisprudence once accepted by the WTO membership, which is scheduled to take place at a WTO Dispute Settlement Body meeting on January 17th, 2003. Canada is in negotiations with the US and New Zealand to avoid the prospects of retaliatory action.

Copy of the AB report
Copy of the AAFC press release on the ruling

4. EU CAP Reform Proposal and Enlargement

Proposals put forward as part of the mid-term review of the Common Agricultural Policy were outlined in a detailed press release from the EU on July 10, 2002. The purpose of the review is to seek more targeted structures for providing farm support, given that the CAP comprises nearly half of the entire EU budget and may be under significant pressure to expand as a result of EC membership expansion into Eastern Europe.

To achieve these goals, the EU proposes the following:

- to cut the link between production and direct payments
- to make those payments conditional on compliance with environmental, food safety, animal welfare and occupational safety standards
- to substantially increases EU support for rural development via modulation of direct payments to large farms
- to introduce a new farm audit system
- new rural development measures to boost quality production, food safety, animal welfare and to cover the costs of farm audits

An initial exchange of views on these proposals revealed broad support for the EU's rural development programs, particularly in the areas of environment, food safety and quality production. However, there is disagreement amongst the member states on other areas of reform, particularly those involving the de-coupling of payments from production and the proposal to reduce direct payments to farmers by 3% per year up to a total reduction of 20%.

Another area of discussion and uncertainty is how the expansion of the EU will affect CAP reform. There are 15 member states in the EU at present and negotiations are nearly finalized with 10 new member states. Enlargement is expected to add significant pressure to the CAP budget, as the accession member states are likely to qualify for significant levels of farm support under the current regime.

EU website

5. Free Trade Area of the Americas (FTAA) Update

Another round of FTAA talks took place in Quito, Ecuador on November 1, 2002. A news release issued by
International Trade Minister Pierre Pettigrew announced that the Ministers agreed to release the second version of the consolidated draft negotiating texts of the FTAA agreement.

FTAA negotiations are entering a critical phase with the exchange of tariff offers and requests for access to other markets. The initial tariff offers are to be presented between December 2002 and February 2003, with counter-offers to be submitted between February 2003 and June 2003.

The target for completion of the FTAA negotiations is 2005.

Second version of the FTAA draft text

DFAIT FTAA website

Official FTAA website

6. New Bilateral Free Trade Agreements

International Trade Minister Pierre Pettigrew announced that Canada will hold consultations concerning two proposed free trade deals, one with the Andean community (Bolivia, Colombia, Ecuador, Peru and Venezuela) and one with the Dominican Republic.

The Andean countries are important trading partners for Canada. In 2001, Canada exported $1.5 billion, mainly in cereals, paper and paperboard, machinery, medical instruments, vehicles and minerals and ores. Imports totaling $2.1 billion consisted mainly of mineral fuels and oils, bananas, coffee and cut flowers. Ontario agricultural exports to that region totaled $9 million in 2001.

Trade with the Dominican Republic is growing with $94 million exported in 2001, consisting mainly of newsprint, fish, cereals, mechanical equipment and vehicles. Canada imported $95 million in goods, comprising mainly electrical machinery, knit and woven apparel, textiles, fruit, nuts, cocoa, medical and scientific instruments, vegetables and precious stones. Ontario agricultural exports to the Dominican Republic totaled $1 million in 2001.

For more information on these consultations, see the following web sites:

DFAIT website on Andean FTA

DFAIT website on Dominican Republic FTA

7. Country-of-Origin Labelling Guidelines Released

Country of origin (COL) guidelines were released by the US Department of Agriculture (USDA) on October 11, 2002, as required under the US Farm Bill. Although promoted as an initiative to advance food safety and consumer
knowledge, many have argued that this is merely another protectionist trade barrier erected to protect US interests.

The guidelines are only voluntary, but are to be followed by mandatory COL regulations by October 2004.

The key points of the guidelines are as follows:

- US retailers must display country of origin information at the final point of sale to consumers. The definition of a retailer is 'a business engaged in the selling of fresh and frozen fruits and vegetables at retail with an annual invoice value of more than $230,000. Therefore, butcher shops selling no produce and restaurants are exempt.
- Covered commodities include beef, pork and lamb (muscle cuts and ground), fish and shellfish (wild and farm raised), fresh and frozen fruits and vegetables and peanuts. Poultry meat is excluded from these guidelines.
- Covered commodities are excluded if they are an ingredient in a processed food item. The key determination is whether through a combination of ingredients the identity of a commodity has been materially changed.
- To qualify as a product of the US beef, pork and lamb must be born, raised and slaughtered in the US; fish must be hatched, harvested and processed in the US; and US produce must be grown, packed and processed in the US.
- Products of mixed origin must be labeled according to production points i.e. born in Canada, raised and slaughtered in the US.
- Blended products must have country of origin information listed in descending order of prominence. Where individual constituents can be separately identified (i.e. bagged salad), the label would list the country of origin for each ingredient.

The USDA's Agricultural Marketing Service (AMS) has published cost estimates of compliance to regulations by processing sectors at nearly US $2 billion annually.

There is a 180-day comment period on the COL guidelines, and AAFC is consulting with various domestic stakeholders and the provinces in order to prepare a detailed submission outlining Canada's views to help shape the development of the mandatory regulations.

On October 18, 2002, OMAF and AAFC held a very successful trade conference on "U. S. Regulations Affecting Agri-Food Trade: How Do We Keep The Borders Open?" About 270 participants heard presentations on the new country of origin guidelines and upcoming border crossing regulations pursuant to the Bioterrorism Act. Copies of the program and the proceedings can be found at http://www.gov.on.ca/OMAFRA/english/policy/seminars.html.

USDA Country of Origin website

8. Trade Promotion Authority and Trade Adjustment Assistance Acts Passed

Trade Promotion Authority (TPA) narrowly passed the House with a 215 - 212 vote on July 27, 2002 and was signed into law by President Bush on August 6, 2002. TPA, previously known as fast-track authority, allows the US Administration a mandate to negotiate trade agreements with other countries. This legislation also authorizes Trade Adjustment Assistance which is a program designed to provide aid to workers who are displaced as a result of increased imports.
9. US Wheat Board Investigation

On October 23, 2002, the US Department of Commerce (DOC) initiated a dumping and countervailing investigation of the Canadian Wheat Board (CWB), prompted by a petition by the North Dakota Wheat Commission and US durum growers. Although the petitioners requested that the investigation focus exclusively on the CWB's sphere of operations (encompassing Peace River in BC, and all wheat sales from Alberta, Saskatchewan and Manitoba), the DOC chose to initiate the investigation according to wheat variety: all durum and hard spring red.

Ontario's wheat exports to the US consist largely of soft white and soft red winter.

A preliminary duty determination by DOC has been extended to March 2002. If dumping or illegal subsidization is found, preliminary duties on all Canadian imports to the US with respect to the two subject wheat varieties (durum or hard spring red) could be imposed then.

On December 17th, the US announced plans to file a case against Canada in the WTO. Under WTO rules, the first step in a WTO dispute is for both parties to hold consultations. Recently, Mexico has requested to be included in these consultations.

See US ITC summary of preliminary injury decision

US press release re WTO wheat challenge

10. USDA to consider Florida Marketing Order - Tomatoes

The Florida Tomato Committee has asked the USDA to remove the exemption for greenhouse and hydroponic tomatoes from all marketing order exemptions. The removal of the exemption would mean that grade and size regulations for Florida grown greenhouse and hydroponic tomatoes would apply to imported tomatoes.

Both the BC Vegetable Marketing Commission and the Ontario Greenhouse Vegetable Growers have sent submissions to the USDA outlining their objections. Both groups feel that this proposal is a blatant attempt to restrict the importation of Canadian greenhouse tomatoes into the US by way of a technical trade barrier.

For further details, including copies of both the BC and Ontario submissions, click here

11. US Bioterrorism Act

The U. S. Government signed the Public Health Security and Bioterrorism Protection Act of 2002 into law on June
This law provides additional authority to the U. S. Food and Drug Administration (FDA) for administrative detention, prohibition for serious food import violations, maintenance of records, registration of food manufacturers, processors and handling facilities, and prior notice of imported food shipments.

Key areas that will affect Canadian exports are:

Prior notice of imported food shipments - Prior notice must include a description of the article, the manufacturer and shipper, the grower (if known), the country of origin, country from which the product was shipped, and the anticipated port of entry. The shipment will be denied entry in the absence of proper notice. Of most concern to Canadian exporters is how long the required notice time will be, given that "just-in-time" delivery arrangements are common place today.

Registration of food facilities - Both U. S. and foreign facilities will have to register with the FDA no later than December 12, 2003. Canadian facilities subject to this requirement include those that manufacture, process, pack or hold food and export food directly to the U. S. without further processing.

Maintenance of records - In addition, the Act requires that all registered facilities create and maintain records needed to determine the immediate previous sources and immediate subsequent recipients of the food. All those that manufacture, process, pack, transport, distribute, receive, hold or import food are subject to this provision.

AAFC has solicited input from the industry, the Sectorial Advisory Group on International Trade (SAGIT) and the provinces and has presented the consolidated Canadian views to the FDA. The FDA’s goal is to publish proposed regulations soon, followed by a minimum 60-day comment period. Final regulations are to be in place by December 12, 2003.

DOMESTIC TRADE REMEDY ISSUES

12. CITT Will Undertake Expiry Review of Canned Baby Foods

The Canadian International Trade Tribunal has given notice that it will initiate an expiry review of it's April 1998 order affecting US imports of canned baby food. On the basis of information received after the June 2002 Notice of Expiry was issued, the Tribunal is of the opinion that a review is warranted.

In this expiry review, the Anti-Dumping and Countervail Directorate of the Canada Customs and Revenue Agency (CCRA) must determine whether the expiry of the finding in respect to certain prepared baby foods is likely to result in the continuation or resumption of dumping.

On December 17, 2002 the CCRA issued a finding that expiry of the order is likely to result in resumption of the dumping of prepared baby foods. The Tribunal will now conduct an inquiry to determine if expiry of the order will
result in continued injury to the domestic industry. A ruling from the CITT is expected by April 28, 2003.

The CCRA Statement of Reasons

CITT website on canned baby food expiry review

13. Margarine Colouring Dispute under the AIT Stalled

Quebec currently is the sole jurisdiction in North America that enforces regulations which bans the marketing of margarine coloured yellow, thereby approximating the look of butter. A dispute resolution process under the Agreement on Internal Trade (AIT) was initiated in August 2002 by Ontario and Quebec, with a panel hearing scheduled by the AIT Secretariat to take place in November 2002. Ontario selected a panel member and filed its initial submission with the AIT Secretariat by September 2002.

Alberta, Saskatchewan and Manitoba joined the proceedings as third parties at the behest of oilseed crushing companies and producers. Each of those jurisdictions filed intervenor submissions as well.

Quebec however has informed the AIT Secretariat that it will not be selecting a panel member in the near future, and has failed to file a counter-submission as set out in the procedural timelines established by the AIT Secretariat.

There is no provision in the AIT that compels a Party to a dispute to participate in the dispute resolution process, nor is there a provision under the AIT to allow the dispute settlement process to continue in absentia. Accordingly, Quebec's decision not to meet the timelines for convening a panel or issuing its counter-submission has effectively stalled the AIT hearing process.

14. Farmers Co-operative Dairy/New Brunswick Dispute

On September 13, 2002, a panel established under the Agreement on Internal Trade (AIT) dispute settlement process, issued its decision with respect to a Maritime dairy licensing issue. The dispute involves a private party, Farmers Co-operative Dairy (a Nova Scotia based dairy processor), and the New Brunswick Farm Products Commission (NBFPC). The Panel found that the Commission, in denying a fluid milk distribution licence to Farmers Co-operative Dairy, impaired interprovincial fluid milk trade in a manner inconsistent with New Brunswick's internal trade obligations.

The NBFPC had denied the distribution license on the grounds that granting such a licence would not be in the interest of the general public or the dairy products trade.

The Panel recommended that New Brunswick take immediate steps to ensure that its dairy licensing measures are consistent with the AIT and the findings of the Panel, including greater transparency in how the licensing process is administered by the Commission. New Brunswick has sixty days to respond to the decision.

The complete report is posted on the Internal Trade Secretariat website.
OTHER TRADE ISSUES

15. Vanclief Discusses Market Access Issues with Mexican Agriculture Minister

Agriculture and Agri-Food Minister Lyle Vanclief met with Mexican Agriculture Secretary Javier Usabiaga in October to discuss ways of enhancing the trade partnership between Canada and Mexico under NAFTA.

The two ministers discussed the January 2003 elimination of tariffs on almost all agricultural exports from Canada to Mexico, along with the importance of resolving issues around seed potato access and Canadian hay exports.

Canadian News Release

16. Update on Ontario Agri-Food Exports for 3rd Quarter 2002

The following tables show Ontario agricultural exports for the period January through September 2002. Table 1 shows the top 10 exports while Table 2 shows the exports with the largest percentage increase over the same period last year.

Table 1: Ontario Exports by product, Jan to Sept*

<table>
<thead>
<tr>
<th>Rank</th>
<th>Commodity</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Confectionery</td>
<td>356.9</td>
<td>391.2</td>
</tr>
<tr>
<td>2</td>
<td>Water</td>
<td>230.1</td>
<td>288.9</td>
</tr>
<tr>
<td>3</td>
<td>Baked Goods</td>
<td>432.6</td>
<td>285.6</td>
</tr>
<tr>
<td>4</td>
<td>Distilled Spirits</td>
<td>350.3</td>
<td>269.0</td>
</tr>
<tr>
<td>5</td>
<td>Grade Cattle</td>
<td>236.3</td>
<td>244.9</td>
</tr>
<tr>
<td>6</td>
<td>Live Plants</td>
<td>221.5</td>
<td>230.0</td>
</tr>
<tr>
<td>7</td>
<td>Cocoa &amp; Products</td>
<td>148.5</td>
<td>174.7</td>
</tr>
<tr>
<td>8</td>
<td>Cereal</td>
<td>138.3</td>
<td>186.3</td>
</tr>
<tr>
<td>9</td>
<td>Pork, Fresh/Chilled</td>
<td>202.5</td>
<td>183.5</td>
</tr>
<tr>
<td>10</td>
<td>Beef, Fresh/Chilled</td>
<td>165.7</td>
<td>182.6</td>
</tr>
</tbody>
</table>

*expressed as million $ Cdn

Table 2: Ontario Exports with the largest % increase**
<table>
<thead>
<tr>
<th>Rank</th>
<th>Commodity</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Other Processed Fruit</td>
<td>75.2%</td>
</tr>
<tr>
<td>2</td>
<td>Vegetable Fibres</td>
<td>59.8%</td>
</tr>
<tr>
<td>3</td>
<td>Fresh &amp; Frozen Fruits &amp; Nuts</td>
<td>36.7%</td>
</tr>
<tr>
<td>4</td>
<td>Grains</td>
<td>32.9%</td>
</tr>
<tr>
<td>5</td>
<td>Soups, Sauces, Condiments, Etc</td>
<td>29.1%</td>
</tr>
<tr>
<td>6</td>
<td>Fresh &amp; Processed Vegetables</td>
<td>17.7%</td>
</tr>
<tr>
<td>7</td>
<td>Other Agri-Food Products</td>
<td>11.5%</td>
</tr>
<tr>
<td>8</td>
<td>Genetics</td>
<td>9.9%</td>
</tr>
<tr>
<td>9</td>
<td>Confectionery</td>
<td>8.8%</td>
</tr>
<tr>
<td>10</td>
<td>Seeds For Sowing</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

*Q1 - Q3 2002 vs same period in 2001

Table 3 shows the top destinations for Ontario's exports. These figures highlight the importance of Ontario's trade with the US (comprising nearly 87% of all Ontario's agricultural exports).

**Table 3: Ontario Exports by Country**

<table>
<thead>
<tr>
<th>Country</th>
<th>2001 Cdn$</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>4,890,982,399</td>
<td>86.83</td>
</tr>
<tr>
<td>Japan</td>
<td>159,295,468</td>
<td>2.83</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>111,275,807</td>
<td>1.98</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>57,435,542</td>
<td>1.02</td>
</tr>
<tr>
<td>Germany</td>
<td>44,186,770</td>
<td>0.78</td>
</tr>
<tr>
<td>Mexico</td>
<td>38,502,335</td>
<td>0.68</td>
</tr>
<tr>
<td>Russia</td>
<td>33,942,895</td>
<td>0.60</td>
</tr>
<tr>
<td>South Korea</td>
<td>27,336,539</td>
<td>0.49</td>
</tr>
<tr>
<td>Taiwan</td>
<td>24,446,498</td>
<td>0.43</td>
</tr>
<tr>
<td>Australia</td>
<td>20,179,825</td>
<td>0.36</td>
</tr>
<tr>
<td>China P. Rep.</td>
<td>17,065,253</td>
<td>0.30</td>
</tr>
<tr>
<td>Netherlands</td>
<td>16,112,814</td>
<td>0.29</td>
</tr>
<tr>
<td>Cuba</td>
<td>14,845,721</td>
<td>0.26</td>
</tr>
</tbody>
</table>

17. New Japanese Trade Advisor posted to Guelph Office

Takashi Harada has been appointed the new Senior Trade Adviser with the Japan External Trade Organization.
Mr. Harada will assist Canadian companies and organizations in developing relationships with agricultural and agri-food businesses in Japan. In addition, Mr. Harada will facilitate trade missions between Japan and Canada, and organize seminars to educate Canadian exporters on business opportunities in Japan.

Mr. Harada can be reached at (519) 837-5868 (tel) and (519) 837-9782 (fax).

18. US Senate Agriculture Committee to Undergo Changes

There will be major changes for the Senate Agriculture Committee now that the Republicans control the Senate. Sen. Thad Cochran (R-Miss.) will take over the Chairman's post from the current Chairman Tom Harkin (D-Iowa). Sen. Richard Lugar (R-Ind.) was in line to assume the chairman's post, but he has chosen to lead the Senate Foreign Relations Committee instead.

There are no major changes expected in the house, as Rep. Larry Combest (R-Texas) will remain as chairman of the House Agriculture Committee.

19. US - Chile Free Trade Agreement Reached

On December 11, 2002, the US and Chile announced that after nearly two years of talks, a comprehensive free trade agreement has been reached. The bi-lateral agreement will eliminate immediately all barriers on over 85% of consumer and industrial goods traded between the two countries. Most of the remaining tariffs will be phased out over the next four years. The US and Chile presently have over US $8.8-billion in trade between the two countries.

Canada and Chile have had a bi-lateral free trade agreement in place since 1997, promoting strong economic relations between the two countries since. Bilateral trade in merchandise has increased 33 percent to $1.25 billion. Investment has also increased, with Canada becoming the second largest investor in Chile.
20. Mexico Pursues Plan for Agricultural Aid

In mid-November, Mexican President Vincente Fox announced a US$10.25 billion plan to offset U.S. farm competition. Under the terms of the North American Free Trade Agreement (NAFTA), agricultural tariffs are to be lifted in January 2003, except for duties on beans, powdered milk, and sugar. With the deadline drawing near, Mexican farmers are very concerned about the impact that this will have on their ability to remain productive and competitive. President Fox sent the measure to the Mexican Congress and requested speedy approval.

In related news, Mexico will investigate whether to apply a NAFTA safeguard duty against imports of U.S. chicken. Mexican authorities are responding to a concern regarding the need to offset the impact of the elimination of the current 49.4 percent tariff rate on imported chicken parts, which falls to zero starting January 2003.

21. Canada - EU Alcohol Trade Agreement Near

Negotiations between Canada and the EU on a beverage alcohol trade agreement are close to successful conclusion.

Although the May 2001 agreement to allow the sale of Canadian icewine has not translated into significant sales in the EU, it is hoped that better access terms for Ontario wines will result in more substantive benefits for the industry.

The agreement includes EU recognition of Ontario oenological practices and a commitment by Canada to amend the Trademarks Act to allow EU registration of certain geographical indications that Canada has agreed to phase out over time. A similar agreement is being negotiated for spirits although the focus is solely on the use of geographical indications. It is hoped that both can be concluded early in 2003.

22. Upcoming Events and Activities

<table>
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<tr>
<th>2003 Dates</th>
<th>Events and Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 17</td>
<td>WTO decision on Canadian Dairy Export Measures to be adopted by the WTO</td>
</tr>
<tr>
<td>Jan 23 &amp; 24</td>
<td>WTO Special Session of the Committee on Agriculture</td>
</tr>
<tr>
<td>Feb 15 &amp; 16</td>
<td>WTO Mini-Ministerial re: Doha Round, Japan</td>
</tr>
<tr>
<td>Mar 3</td>
<td>CITT hearing, Ottawa re: Expiry Review of Prepared Baby Foods</td>
</tr>
<tr>
<td>Mar 31</td>
<td>Agricultural Negotiating Committee to finalize paper on negotiation modalities</td>
</tr>
<tr>
<td>Apr 28</td>
<td>CITT ruling on Expiry Review of Prepared Baby Foods</td>
</tr>
<tr>
<td>Sep 10 - 14</td>
<td>WTO Fifth Ministerial Conference, Cancun, Mexico</td>
</tr>
</tbody>
</table>
For further information regarding any of the above items, please contact Bobby Seeber, Senior Policy Advisor (Trade) at (519) 826-3253 or Janette Leask, Policy Advisor on trade issues at (519) 826-4842.
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Spring 2003
Posted May 20th

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MULTILATERAL DEVELOPMENTS

1. FAILED TIMELINES PLAGUE WTO DOHA ROUND

The WTO Trade Negotiations Committee (TNC) met in Geneva in early April to take stock of progress on the Doha Developmental Round of multilateral trade negotiations. At the meeting, WTO Director General Supachai Panitchpakdi stressed the importance of maintaining the January 2005 deadline for completing the current round of negotiations, particularly in a climate of instability in world economies and foreign relations. He cautioned that too many unresolved issues relating to the negotiations could risk of failure at the WTO Ministerial in Cancun.

The concern stems from a series of deadlines already missed in specific negotiating areas relating to intellectual property rights (TRIPs) and access to essential medicines; implementation issues; special and differential treatment (S&D) for developing countries; and modalities for the agriculture negotiations (see following article for details).

There has been some progress in the services negotiations, where twenty countries (of 146), including Canada, have submitted initial offers. However, for the TRIPs negotiations, positions remain entrenched and in stark opposition as negotiators consider the proposal for a multilateral register and protections for geographical indications for wines, spirits, and perhaps other food goods.

Two further negotiating deadlines are coming up in late May 2003, and both are at risk of being missed. The negotiating committee for industrial market access (i.e., non-agricultural goods) met in early April but failed to reach agreement on key issues such as how to reduce or eliminate industrial tariffs, special treatment for developing countries, exclusions for certain sectors, and how to address non-tariff barriers. The forecast for an agreement on modalities by the end of May is not good.

A review of the WTO Dispute Settlement Understanding (DSU) also continued over April 10th and 11th. As the May 23rd deadline for completing the DSU reform draws closer, WTO members are still at odds with regard to fundamental issues, including proposals for greater transparency and tighter timeframes within the dispute settlement process, as well as abridged procedures and exemptions for developed countries.

At the TNC, WTO negotiators expressed the concern that while negotiations are not completely deadlocked, a serious demonstration of political will is required to maintain momentum leading up to the Cancun Ministerial. The next TNC meeting is planned for early June in Geneva.

WTO DG Supachai will use upcoming international meetings to "mobilize stronger political input" into negotiations under the Doha Round. The key events to watch include the APEC trade ministers’ meeting in Bangkok, Thailand and the G-8 summit in Evian, France (both in June). Egypt will further host a WTO "mini-Ministerial" from June 21-22nd.

2. NO AGREEMENT ON MODALITIES FOR WTO AGRICULTURE NEGOTIATIONS

In early February 2003, Stuart Harbinson, Chair of the Agriculture Negotiating Committee, released a draft modalities text to facilitate discussions at the multilateral agriculture negotiations. The Chair released the text in an effort to help establish the negotiating modalities (which set out the scope of the negotiations, the methodology to be followed for applying new disciplines, and the end-results expected) by the March 31th deadline.

The Harbinson Text
In releasing the draft text, Chair Harbinson noted that this initiative should be considered in the context of "the difficulty participants have so far had in building bridges between widely divergent positions and the consequent lack of guidance on approaches to solutions".

On market access, Harbinson suggested a three-pronged approach to discipline the use of tariffs amongst developed countries:
1. agriculture tariffs higher that 90% should be reduced by 60% on average, with a minimum cut of 45%;
2. those between 90 and 15% should be cut by 50% on average, but at least by 35%; and,
3. tariffs at 15% or less should be cut by 40%, with a minimum cut of 25% per tariff line.
All tariffs would be reduced in equal installments within a five-year term.
Developing countries would be given a ten-year implementation period on a less aggressive tariff reduction scale. Furthermore, developing countries would be allowed to identify "strategic products" for which tariffs would only need to be cut by ten percent (at a minimum five percent per tariff line). Developing countries would also have recourse to special safeguard measures to protect identified strategic products.

According to the Harbinson text, the Green Box (or non-trade distorting support programs) would be maintained in its existing format, but the disciplines would be strengthened. For developing countries, further flexibilities would be provided for the pursuit of food security and rural development objectives. The Blue Box (which covers only partly decoupled subsidies under production-limiting programmes) would be maintained, but expenditures under it would be capped and reduced by 50% over five years. With regard to the Amber Box (trade distorting farm support), the aggregate measurement of support (AMS) would decrease by 60% in five years for developed countries, and 40% in 10 years for developing countries.

Harbinson further proposed the phase out of at least 50% of export subsidies within five years, with the remainder reduced to zero in nine years. Developing countries would be given ten years and 12 years respectively to accomplish the reductions and elimination.

The Harbinson draft further proposes that least-developed countries (LDCs) would not be required to undertake reduction commitments, but that they should be "encouraged to consider making commitments commensurate with their development needs on a voluntary basis". Furthermore, the draft speculates that eventually special treatment could be provided for newly acceded members such as China, as well as for other "certain groupings" such as small island developing states, vulnerable developing countries and transition economies.

On March 18th, Harbinson issued a limited revision of his first draft modalities paper, after being tasked with preparing an "improved" draft following the February version. The Chair indicated that he was unable to satisfy this mandate given the "insufficient collective guidance" received from members. Accordingly, the main features of the original draft remain largely unchanged, with only some developing country modifications being added with respect to market access, special safeguard measures and trade preferences.

Reaction to the Harbinson Text
Canada raised "fundamental concerns" with the draft text on two issues primarily. The concerns relate to the proposed market access provisions and the implications for Canada's supply-managed commodities, as well as the broadened disciplines for state trading enterprises and the implications for the Canada Wheat Board. The US and the Cairns Group have rejected the revised draft as not being ambitious enough. The EU, Japan, and Switzerland criticised the paper as not providing sufficient balance and exceeding the original negotiating mandate.

With a wide divergence in views amongst WTO members with respect to negotiating objectives prevailing, the March 31, 2003, deadline for finalizing modalities could not be met. Members are referring to the Harbinson draft text as a "catalyst" for continued discussion on modalities for the negotiations heading into the WTO Ministerial conference in September. Substantive progress in agriculture is widely regarded as critical to a successful outcome for the Doha Round.

Chair Harbinson's draft Modalities Text is available on the WTO website

AAFC news releases of February 13, March 20, and April 1 respectively regarding the Harbinson draft text and the missed deadline for modalities can be accessed through the AAFC website

3. WTO REVIEWS CANADA'S TRADE POLICY REGIME

The WTO undertook a routine review of Canada's trade policy regime in mid-March 2003. The WTO regularly conducts trade policy reviews of each of its members as a peer review exercise designed to:
- enhance the transparency of WTO members' trade policies and practices; and
- contribute to improved adherence by all members to WTO rules and disciplines.

The trade policy review process does not enforce specific obligations, resolve trade disputes, or impose new policy obligations on members.

In its review, the WTO commended Canada for its strong economic performance in spite of a world economic slowdown, as well as for Canada's efforts in implementing economic reforms and for the general openness and transparency of its trade regime.

Noting that Canada's trade is concentrated on a few preferential trading partners, particularly the United States, WTO members invited Canada to seek greater trade diversification. Further, a number of persisting market access barriers were identified, including the following:
Agri-food Trade Update
- tariff peaks and tariff escalations,
- strict use of sanitary and phytosanitary measures,
- high usage of anti-dumping measures,
- provincial transparency in government procurement, and
- restrictive marketing and market access arrangements for foreign wines and other alcoholic beverages, textiles and clothing, wheat and the supply-managed dairy, poultry and egg sectors.

The full text of Canada's report and WTO feedback can be accessed through the WTO website

4. CANADA COMPLIES WITH WTO DAIRY EXPORT RULING

On May 9, 2003, the US and New Zealand informed the WTO of their satisfaction regarding Canadian compliance with the December 2002 Appellate Body ruling regarding Canadian dairy export practices, and withdrew requests to apply retaliatory measures against Canada. The trilateral settlement recounts Canada's elimination of its previous dairy export design through provincial re-regulation of all milk production and marketing, and Canada's undertaking to observe its WTO export subsidy reduction schedule for butter, cheese, skim milk powder and other dairy exports. The trilateral settlement officially brings the dispute, commenced in 1997, to a close.

Since adoption of the WTO Appellate Body dairy export decision in January 2003, the complaining parties, The US and New Zealand, have been in a position to pursue retaliatory action against Canada. The level of retaliation would be based on the amount of economic injury caused by Canada's continuation of what the Appellate Body has confirmed to be subsidized dairy exports (affecting such exports as cheese, butter, skim milk powder, ice cream and evaporated milk). Over the last several months, Canada has been consulting with the US and New Zealand regarding the issue of compliance and the prospects of avoiding retaliation altogether.

The Appellate Body report on Canadian Dairy Export Practices (Document #03-0534) and the trilateral agreements to suspend retaliation (Documents #03-0885 and #03-2025) can be accessed on the WTO dispute settlement website

The Government of Canada news release announcing the trilateral agreement to conclude the case can be accessed on the DFAIT website

A corresponding news release by the USTR can be accessed here

5. LITTLE PROGRESS ENVISIONED FOR NEGOTIATIONS ON THE FREE TRADE AREA OF THE AMERICAS (FTAA)

The 34 countries involved in the FTAA negotiations (covering all countries in the North and South hemisphere except for Cuba) exchanged initial negotiating offers in five areas: goods (agricultural and non-agricultural), services, investment and government procurement. The countries have until June 15, 2003, to present initial requests for improvements to the offers. Revised offers will be presented on July 15, 2003.

Canada's offer includes tariff reductions for agricultural and industrial goods, and substantial market access opportunities in the investment and services sectors. Canada's view is that the tariff reduction period should not exceed 10 years and that most tariffs should be eliminated as quickly as possible (with the exception of products such as dairy, poultry and egg products).

Canada is seeking input from stakeholders on market access issues relating to agricultural and non-agricultural products in the FTAA negotiations. For further information on the consultation process, go to the DFAIT FTAA website at http://www.dfait-маeci.gc.ca/tna-nac/consult1-en.asp#mk2.

Brazil, Argentina and Uruguay have warned that the 2005 date for conclusion of a FTAA is at risk, citing US distractions with a series of bilateral and regional agreements as detracting from the FTAA negotiations. Brazil is seeking increased US agricultural market access, reductions in US farm subsidies and changes in US anti-dumping laws in exchange for further liberalization in services, investment, intellectual property and procurement.

The next FTAA leaders' summit is scheduled to take place in Mexico this year. The Eighth Trade Ministerial meeting will be held in Miami November 20 - 21, 2003.

6. US COUNTRY-OF-ORIGIN LABELING UPDATE

Following the publication of voluntary country-of-origin labeling (COOL) guidelines in October 2002, USDA received over 1,000 submissions and comments from stakeholders and interested parties hoping to influence the design of mandatory COOL regulations to be issued in September 2004. In general, the domestic fruit, vegetable and peanut industries are supportive of the measures, while the livestock sectors and US retailers have raised concerns regarding the potential negative impacts and costs of a mandatory COOL regime. Submissions were also entered by the Government of Canada and several Canadian provinces in opposition to mandatory COOL requirements. The submissions can be accessed through the USDA website.

On March 5th, USDA Secretary Veneman announced a series of listening sessions to be held across twelve US states to allow for further public input on the matter. Between April 29th and June 6th, USDA listening sessions will be held in California, Florida, Louisiana, Minnesota, Missouri, Montana, Nebraska, North Carolina, Pennsylvania, Texas, Washington and Wyoming.

There will be further opportunities for input and comment once the mandatory regulations are released prior to implementation in September 2004.

7. US CHALLENGES THE CANADIAN WHEAT BOARD

In October 2002, the US Department of Commerce (DOC) initiated anti-dumping and countervailing duty investigations on Canadian imports of durum and hard red spring wheat. The investigations were initiated by petitions from the North Dakota Wheat Commission and US durum growers alleging that the Canadian government provides illegal subsidies on the production and export of durum and hard red spring wheat, and that the Canadian Wheat Board (CWB) sells these products for less than full market value in the US.

In March 2003, preliminary countervail duties of 3.94 per cent were imposed on Canadian durum and hard red spring wheat exports to the US. On May 2nd, DOC imposed additional preliminary tariffs of 6.12 percent on Canadian hard red spring wheat and 8.15 percent on Canadian durum wheat, based on preliminary findings regarding respective dumping margins.

The DOC is scheduled to issue final determinations on countervail and dumping margins by July 15, 2003. Also as part of the investigations, the US International Trade Commission is scheduled to issue a final determination by the end of August 2003 as to whether the unfair trading practices, if confirmed by the DOC, have caused injury to US wheat growers. If no injury is found, the investigation is closed and all duties collected pursuant to the preliminary findings are refunded.

The US Trade Representative (USTR) has further commenced a World Trade Organization (WTO) challenge against the CWB, alleging that the CWB is a state trading enterprise that operates inconsistently with WTO disciplines and that Canadian transport and product segregation policies are inconsistent with Canada’s national treatment obligations. The USTR formally requested the establishment of a WTO panel to examine these issues in early March. Parties are currently in the process of selecting panel members. The WTO panel process takes up to nine months, with avenue for appeal available once a decision has been issued.

The US trade remedy investigations and WTO challenge concentrates solely on practices related to the CWB, and to practices specific to the federal and western provincial governments (chiefly Alberta, Saskatchewan and Manitoba). The investigation is further confined to two particular wheat varieties: durum and hard red spring. Accordingly, the investigations do not affect Ontario growers directly.

Government of Canada news releases regarding the preliminary decisions can be accessed on the AAFC website for March 5, 2003 and May 02, 2003.
8. US FDA RELEASES DRAFT CROSS-BORDER BIOSECURITY PROTOCOLS

With the passing of the US Public Health Security and Bioterrorism Preparedness and Response Act in June 2002, the US Food and Drug Administration (FDA) was charged with improving the ability of the US to prevent and respond to bioterrorist threats and perceived vulnerabilities. Accordingly, in February 2003, the FDA released draft requirements for the mandatory registration of all importing food facilities and prior notification of all food shipments entering the US. Copies of these two proposed regulations can be accessed on the FDA website:

Food Facilities
Prior Notice

The FDA plans to issue final regulations by October 12, 2003, after considering the submissions it receives over the 60 day comment period. The regulations are due to come into effect December 12, 2003.

1. Registration of Food Facilities
This regulation requires all domestic and foreign food facilities that manufacture, process, pack, or hold food for consumption in the US to register with FDA. An obligation will rest on the owner, operator, or agent in charge of a domestic or foreign facility to provide FDA with information on the name and address of the facility, trade names under which the registrant conducts business, and the categories of food being handled. For foreign facilities, the registration must include the name of a US agent (ie, a contact with US residency).

The proposed regulation is to apply to all facilities handling food and animal feed products, as well as dietary supplements, infant formula, beverages (including alcoholic) and food additives. The regulation does not cover foods currently under USDA purview, including meat, poultry and eggs. Also exempt are downstream processors, if the food products undergo further processing or packaging before export to the US. This exemption does not apply where the packaging activities are de minimis - eg., affixing of a label.

All facilities located outside the US that take possession, custody or control of finished goods for holding, packing and/or storage prior to export to the US, would be required to register.

FDA plans to make electronic registration possible sometime after October 12, 2003, with no registration fee contemplated. Beginning December 12, 2003, unregistered foreign facilities attempting to export food to the US will be committing a prohibited act, and are liable to fines and shipments being detained at the port of entry.

2. Prior Notice of Imported Food
Also beginning December 12, 2003, FDA must be notified at least 24 hours beforehand regarding each food shipment seeking entry to the US. The proposed rule does not apply to food for personal use, nor to food products which fall under the jurisdiction of USDA (again, meat, poultry and egg products). All other food and beverage shipments to the US would be subject to the prior notice requirement, including those in transit to third country destinations. The proposed regulation provides for a limited opportunity to amend the prior notice information concerning the contents and arrival time of each shipment two hours prior to arrival at the border entry point.

The prior notice regulation specifies that notice can only be submitted by a US purchaser, a US importer or a US agent acting on behalf of a US importer or US purchaser. Shipments for which prior notice is absent or inadequate will be refused entry.

The FDA anticipates that an average of approximately 20,000 prior notices concerning imported food will be submitted daily. The FDA plans to allow for electronic filing of notices.

Canada submitted comments to the FDA in early April, in support of the FDA's general approach in addressing potential biosecurity vulnerabilities, but emphasizing that the FDA must take account of the unique and integrated trading relationship between Canada and the US. The proposed FDA requirements may preclude many just-in-time, same day or short turn-around deliveries. The Canadian submission suggests a more flexible approach to prior notice requirements, to better distinguish between ship, truck, rail and air transport.

As well, Canada suggests offering exporters two options. Exporters with lengthier shipping commitments could opt for the 24 hour prior notice requirement as currently proposed, retaining the ability to amend information two hours before arrival at the border. Exporters who are shipping on a faster turn-around could opt to provide notice four hours before importation, without opportunity for amendment. Further on the issue of amendments, Canada proposes that FDA be notified of quantity changes at the border, and that bulk shipments be allowed a load tolerance of +/-10%. The submission also advocates multiple updates to account for any unforeseen shipment routing or scheduling changes.

Canada also raised concerns regarding the proposed obligation on the US purchaser or importer to file prior notice of shipment with FDA. Most imports from Canada are sold on the basis of the Canadian exporter taking responsibility for the entire US Customs and FDA transaction at the border, with the Canadian exporter remaining responsible for the product until it is delivered to the US customer. For the most up-to-date and accurate information concerning a food shipment, Canada suggests instead that the Canadian importer or agent/broker should be responsible for filing prior notice information with FDA.

3. Detention
In early May, the FDA published two additional regulations concerning record and documentation requirements and new administrative detention powers. The proposed regulations require transporters to keep detailed information on the origin and destination of the product. Non-transporters will also be required to keep documentation on product origin, transport, and immediate recipient. The administrative detention rules spell out the conditions for detaining a product if “there is credible evidence that the food could cause serious injury or death”, allowing for detention of shipments for up to 30 days.

Further information on the Bioterrorism Act is available on the FDA website

9. US CONSIDERING REPEAL OF BYRD LAW TO COMPLY WITH WTO

The United States will consider repealing the Continued Dumping and Subsidy Offset Act of 2000, commonly referred to as the Byrd Amendment, in order to comply with an adverse ruling issued by the WTO in January 2003. A February presidential budget proposed repeal of the law, which allows US producers who petition for anti-dumping (AD) and countervailing (CVD) actions to apply for a share in the revenues accruing from duties collected. The WTO ruled that the law goes beyond the permitted remedies to unfair trade practices provided for under the WTO because it offers an economic incentive to US firms to initiate trade action.

Since the ruling, the Office of the US Trade Representative (USTR) has weighed options for bringing the Byrd law into compliance, and anticipate that repeal will face opposition from both Democrats and Republicans. Over the last two years (2001 and 2002), US firms collected over $200 million annually in anti-dumping and countervailing duties. The total amount of duties paid out in countervailing and anti-dumping duties on imports from Canada comes to about $5.2 million in 2001 and $1.9 million in 2002.

A proposal is in the works within the US Senate to redesign the offset provisions of the Byrd Amendment into a Trade Adjustment Assistance (TAA) package, whereby pooled AD/CVD duties would be made available to US communities negatively impacted by trade. The proposed targets for trade adjustment assistance would include groups of workers, groups of farmers, or firms located in a community which has been negatively impacted by trade. Funding would go towards rural economic development, workforce displacement and agricultural producer and fishermen unemployment. A draft bill to replace the Byrd Amendment has yet to be introduced in the Senate.

The Byrd law was successfully challenged by Canada, the EC, Australia, Brazil, Chile, India, Indonesia, Japan, Korea, Mexico and Thailand. The maximum amount of time allotted for bringing an impugned measure into compliance with a WTO ruling is 15 months. The decision is not retrospective, and therefore does not affect duties that have already been paid out under the Byrd Amendment.

More background information can be found on the DFAIT website

The January 2003 Appellate Body decision can be accessed on the WTO website by searching the "disputes" index for US: Subsidy Offset (Byrd Amendment) here

DOMESTIC TRADE REMEDY ISSUES

10. CITT RESCINDS DUMPING DUTIES ON US IMPORTS OF BABY FOOD

On April 28th, the Canadian International Trade Tribunal (CITT) released its decision on the expiry review of its 1998 order affecting US imports of baby food product. That order imposed prohibitive dumping duties on product entering from the US, exclusively impacting the lone US competitor, Gerber Products. Expiry reviews of all dumping or countervail orders by the CITT must take place five years after imposing duties, to determine whether the rationale for the original order is still relevant.
In its recent decision, the Tribunal concluded that further injury to Heinz Company of Canada Ltd. from resumed dumping is unlikely, and that the marketplace is stable enough to withstand the effects of renewed competition. Accordingly, the 1998 finding concerning prepared baby foods (containing finely homogenized vegetables, fruit and/or meat, and strained juice, put up for retail sale as food and beverages for infants of ages 4 to 18 months, in containers of a net volume not exceeding 250 ml, excluding organic baby food and frozen baby food preparations) exported from the US is rescinded.

Accordingly, dumping duties on US imports of baby food will no longer apply.

The CITT expiry review decision can be accessed on the CITT website

OTHER TRADE ISSUES

11. ONTARIO PARTICIPATES AT TRI-NATIONAL AGRICULTURAL ACCORD CONFERENCE

Quebec hosted the 13th annual meeting of the Tri-National Agricultural ACCORD in Montreal from April 1-3, 2003. In attendance were secretaries, commissioners, directors, ministers and senior government officials from 9 Canadian provinces, 15 US states and 9 Mexican states.

During the meeting, delegates reviewed the 2002 accomplishments of their respective bilateral working groups and set new goals for cooperative efforts in the coming year. The Mexican and Canadian delegations initiated work to establish a province-state advisory committee under the Canada-Mexico Agriculture Consultative Framework. The Mexican/Canadian working group also considered issues relating to trade-distorting export and domestic subsidies, phytosanitary requirements and anti-dumping provisions under the NAFTA, and common responses to new US regulations relating to country-of-origin labelling and bioterrorism.

The US and Canadian delegates also considered a range of issues of common interest. These included pesticide pricing, availability and label harmonization; approval approaches for new biotechnology products; US mandatory country-of-origin labelling laws; pending import regulations under the US Bioterrorism Act; challenges to the apple industry in eastern regions; and regional collaboration on nursery and floriculture trade in the northwest.

The next Tri-National ACCORD conference will be held in Mexico in 2004.

Further information on the Tri-National ACCORD initiative can be obtained through the National Association of State Departments of Agriculture (NASDA) website

12. MEXICAN GOVERNMENT AND FARMERS SIGN FARM ACCORD

In late April 2003, the Mexican government signed a landmark agreement with its farmers, entitled the National Agreement for the Countryside and the Development of Rural Society. The agreement calls for sweeping changes to rural infrastructure and farm policy designed to modernize Mexico’s agricultural sector and make it more competitive with its NAFTA counterparts.

Domestic farm rescue projects are to begin immediately, as will talks with NAFTA partners on protections from bean and corn imports to Mexico. The Mexican government has undertaken to ask its NAFTA partners to accept new limits on white corn and bean exports to Mexico to help Mexican farmers compete against more efficient Canadian and US growers. Under the NAFTA, Mexican tariffs on nearly all farm products have been phased-out as of this year, with the exception of corn, beans, sugar, oranges and powdered milk (for which the progressive phase out of tariffs will take to 2008). The tariff reductions have given rise to a surge in exports of staple products from Canada and the US.

The accord calls for a thorough review of farm imports to Mexico and existing trade remedy measures available to protect against dumping and unfair competition. The study is scheduled for completion by December 31, 2003.

13. ONTARIO AGRI-FOOD EXPORTS 2002

Top Ontario Exports by Product 2001-2002

<table>
<thead>
<tr>
<th>Product</th>
<th>2001 Cdn$</th>
<th>2002 Cdn$</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baked goods</td>
<td>625,828,974</td>
<td>724,027,206</td>
<td>13.56</td>
</tr>
<tr>
<td>Confectionery</td>
<td>496,576,610</td>
<td>556,931,362</td>
<td>10.84</td>
</tr>
<tr>
<td>Distilled spirits</td>
<td>493,777,402</td>
<td>363,187,797</td>
<td>-35.96</td>
</tr>
<tr>
<td>Water</td>
<td>287,884,135</td>
<td>356,622,534</td>
<td>19.27</td>
</tr>
<tr>
<td>Grade cattle</td>
<td>353,460,279</td>
<td>343,839,674</td>
<td>-2.80</td>
</tr>
<tr>
<td>Live plants</td>
<td>271,817,599</td>
<td>279,419,785</td>
<td>2.72</td>
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<tr>
<td>Cereal</td>
<td>201,036,217</td>
<td>266,997,346</td>
<td>24.70</td>
</tr>
<tr>
<td>Beef, fresh/chilled</td>
<td>225,962,356</td>
<td>254,532,723</td>
<td>11.22</td>
</tr>
<tr>
<td>Pork, fresh/chilled</td>
<td>276,483,190</td>
<td>249,249,077</td>
<td>-10.93</td>
</tr>
<tr>
<td>Cocoa &amp; products</td>
<td>214,674,137</td>
<td>236,652,514</td>
<td>9.29</td>
</tr>
</tbody>
</table>

Ontario Exports with the Largest Percent Increase

<table>
<thead>
<tr>
<th>Product</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other processed fruit</td>
<td>48.81</td>
</tr>
<tr>
<td>Fresh &amp; Frozen Fruits &amp; Nuts</td>
<td>39.72</td>
</tr>
<tr>
<td>Grains</td>
<td>33.10</td>
</tr>
<tr>
<td>Soups, Sauces, Condiments, Etc.</td>
<td>24.27</td>
</tr>
<tr>
<td>Legumes</td>
<td>19.36</td>
</tr>
<tr>
<td>Grain Products</td>
<td>17.27</td>
</tr>
<tr>
<td>Fresh &amp; Processed Vegetables</td>
<td>16.41</td>
</tr>
<tr>
<td>Confectionary</td>
<td>10.84</td>
</tr>
<tr>
<td>Other Agri-Food Products</td>
<td>9.68</td>
</tr>
<tr>
<td>Vegetable Fibres</td>
<td>7.42</td>
</tr>
</tbody>
</table>

Ontario Exports by Country

<table>
<thead>
<tr>
<th>Country</th>
<th>2001 Cdn$</th>
<th>2002 Cdn$</th>
<th>% change</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>6,790,217,728</td>
<td>7,306,240,332</td>
<td>7.06</td>
<td>87.46</td>
</tr>
<tr>
<td>Japan</td>
<td>221,307,474</td>
<td>202,560,051</td>
<td>-9.26</td>
<td>2.42</td>
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<tr>
<td>Hong Kong</td>
<td>137,217,559</td>
<td>120,677,499</td>
<td>-13.71</td>
<td>1.44</td>
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<tr>
<td>United Kingdom</td>
<td>107,251,207</td>
<td>105,498,894</td>
<td>-1.66</td>
<td>1.26</td>
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<td>Germany</td>
<td>63,990,756</td>
<td>59,678,042</td>
<td>-7.23</td>
<td>0.71</td>
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<td>South Korea</td>
<td>36,821,598</td>
<td>48,018,996</td>
<td>23.32</td>
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<td>Mexico</td>
<td>52,072,407</td>
<td>47,858,843</td>
<td>-8.80</td>
<td>0.57</td>
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<td>Taiwan</td>
<td>33,025,920</td>
<td>36,758,071</td>
<td>10.15</td>
<td>0.44</td>
</tr>
<tr>
<td>China P. Rep.</td>
<td>24,159,133</td>
<td>35,650,053</td>
<td>32.23</td>
<td>0.43</td>
</tr>
</tbody>
</table>
### Agri-food Trade Update

<table>
<thead>
<tr>
<th>Country</th>
<th>2003 Value</th>
<th>2002 Value</th>
<th>% Change</th>
<th>Importer Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>20,516,848</td>
<td>30,259,975</td>
<td>32.20</td>
<td>0.36</td>
</tr>
<tr>
<td>Ireland</td>
<td>8,517,667</td>
<td>17,652,771</td>
<td>51.75</td>
<td>0.21</td>
</tr>
<tr>
<td>Australia</td>
<td>25,703,781</td>
<td>17,444,920</td>
<td>-47.34</td>
<td>0.21</td>
</tr>
<tr>
<td>Russia</td>
<td>37,390,017</td>
<td>17,436,767</td>
<td>-114.43</td>
<td>0.21</td>
</tr>
<tr>
<td>France</td>
<td>12,120,992</td>
<td>17,046,347</td>
<td>28.89</td>
<td>0.20</td>
</tr>
<tr>
<td>Belgium</td>
<td>16,789,663</td>
<td>15,683,885</td>
<td>-7.05</td>
<td>0.19</td>
</tr>
</tbody>
</table>

For more detailed Agri-Food Statistics visit OMAF's Statistical Services Unit

### 14. UPCOMING EVENTS

<table>
<thead>
<tr>
<th>2003 Dates</th>
<th>Events and Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 12-16</td>
<td>FAO Committee Meeting on World Food Security, Rome, Italy</td>
</tr>
<tr>
<td>May 16-17</td>
<td>Meeting of G-7 finance ministers, France.</td>
</tr>
<tr>
<td>June 1-3</td>
<td>G8 Summit, Evian, France.</td>
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<tr>
<td>June 2-3</td>
<td>APEC Meeting of Ministers Responsible for Trade, Khon Kaen, Thailand</td>
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<tr>
<td>June 16-18</td>
<td>WTO NGO Symposium: 'Challenges Ahead on the Road to Cancún', Geneva, Switzerland.</td>
</tr>
<tr>
<td>June 20-22</td>
<td>WTO Mini-Ministerial, Egypt</td>
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<tr>
<td>June 24-25</td>
<td>WTO Trade Negotiations Committee Meeting, Geneva, Switzerland</td>
</tr>
<tr>
<td>June 30</td>
<td>WTO Committee on Agriculture Meeting</td>
</tr>
<tr>
<td>June/July</td>
<td>Cairns Group Ministerial</td>
</tr>
<tr>
<td>July 9-11</td>
<td>WIPO Worldwide Symposium on Geographical Indications, San Francisco, US</td>
</tr>
<tr>
<td>July 14-15</td>
<td>WTO Trade Negotiations Committee Meeting, Geneva, Switzerland</td>
</tr>
<tr>
<td>September 10-14</td>
<td>WTO Fifth Ministerial Conference, Cancún, Mexico</td>
</tr>
</tbody>
</table>

For further information regarding any of the above items, please contact Bobby Seeber, Senior Policy Advisor (Trade) at (519) 826-3253 or Janette Leask, Policy Advisor on trade issues at (519) 826-4842.