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Canada

Dairy

Canadian Dairy Industry to Change Export Pricing System in Response to WTO Ruling 1999

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Report Highlights:

In response to the World Trade Organization (WTO) Appellate Body ruling stating that the Canadian dairy industry pricing process constitutes an export subsidy, the Canadian dairy industry will be discussing how to make the necessary adjustments to its export pricing practices. The WTO has also ruled that Canada can continue to limit imports of fluid milk under the tariff rate quota (TRQ), to cross-border purchases of milk. Minister Pierre Pettigrew, of the Canadian Department of Foreign Affairs and International Trade, announced that he is pleased with the decision regarding Canada's TRQ for fluid milk.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1], CA

The following information was taken from the Agriculture and Agri-Food Canada News web site. Begin text.

WTO SUPPORTS CANADIAN ABILITY TO LIMIT DAIRY IMPORTS

OTTAWA, Oct. 13, 1999 – International Trade Minister Pierre Pettigrew and Agriculture and Agri-Food Minister Lyle Vanclief announced that the WTO Appellate Body has ruled Canada can continue limiting imports of fluid milk, under the tariff rate quota (TRQ), to cross-border purchases by Canadian consumers.

On another issue before the Appellate Body, an earlier WTO panel ruling that Canada's dairy export pricing practices constitutes an export subsidy on some of the milk used in products for export was upheld.

"We are pleased with today's decision regarding Canada's tariff rate quota for fluid milk," said Minister Pettigrew. "We fought hard together with the industry and the provinces to reverse the original panel ruling."

With respect to the TRQ for fluid milk, Canada had appealed the panel's decision that the limitation on imports of fluid milk only to consumers was inconsistent with Canada's WTO obligations. The Appellate Body decision issued today supports Canada's position, although minor changes to the current import regime will be required.

With respect to the export issue, it is expected that some adjustments will be required to certain aspects of Canada's dairy export pricing practices. The Appellate Body of the WTO has ruled that the Canadian dairy industry's pricing system as it applies to milk used in some export products is an export subsidy and does not conform with Canada's commitment under the WTO Agreement on Agriculture. However, the WTO ruling doesn't prevent Canada from exporting dairy products.

"Canada's system of supply management remains strong under this ruling," said Minister Vanclief. "With some minor adjustments to reflect the Appellate Body ruling, the system will continue to operate effectively on exports."

The Canadian industry will not be required to make changes immediately to comply with the decision on export pricing practices. In the coming weeks, the Canadian dairy industry will be discussing the best ways in which the industry can make the necessary adjustments. The Canadian government will continue to work closely with the industry and provincial governments as it has throughout this case.

The WTO panel delivered its original decision to the Government of Canada March 17. The government launched a formal appeal of the decision July 15.

End text.

Comments:

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