



Agreement on Internal Trade
Accord sur le commerce intérieur

Progress on the Review of Chapter 9 **Agricultural and Food Goods**

Carolynn Osborn, AIT Working Group Co-Chair



Historical Context

- Background to Development of AIT
 - Trade Agreements – NAFTA, WTO
 - International Competitiveness
 - Meech/Charlottetown Failures
 - Political Dynamic
- Internal Trade Agreement came into effect on July 1, 1995.



Agriculture Chapter

- Scope and coverage initially limited to notified barriers.
- Was expanded to included “technical barriers with policy implications” on September 1, 1997
 - Horticulture products in bulk containers
 - Margarine colouring restrictions and standards
 - Standards regarding dairy blends and imitation dairy products
 - Fluid milk standards and distribution
- Scope and coverage to be reviewed by September 1, 1997.



Agriculture Chapter – Initial Review

- Review initiated in 1996.
- Discussion paper developed
- Industry consultations on discussion paper took place.
- Draft revised Chapter proposed.
- Ministers could not achieve consensus on process for revised Chapter
- Efforts regarding WTO agriculture negotiations seen as taking precedence



The “Lost Years”

- No negotiations on AIT
- Five agriculture related disputes to Panels
 - NS challenge of PEI regulations for fluid milk
 - NS challenge of NB regulations for fluid milk distribution
 - ON challenge of QC coloured margarine
 - AB challenge of QC coloured margarine
 - AB and BC challenge of ON Edible Oil Products Act (dairy/vegetable blended products).
- To date, only 1 panel ruling has been implemented to the satisfaction of the complaining party.



Council of Federation Initiative

- December 2003 – Premiers agreed to “re-vitalize” AIT.
- Federal government endorsed in September 2004.
- Ministers of agriculture to complete review Chapter Nine by July 2005
- Objective - achieve broadest possible coverage and further liberalizing internal trade.



Council of Federation Initiative

- Proposed expansion of Chapter 9 to all technical measures.
- Agriculture conducted consultations.
- No significant objections to expansion to all technical measures
 - Problems noted with Chapter 17 – shared with CIT.



Council of Federation Initiative

■ Provinces agreed:

- expand the coverage of Chapter Nine to capture all technical measures
- measures related to orderly marketing systems should not be covered by the Chapter

■ Provinces disagreed:

- Language for orderly marketing
- Exclusions



Trade Enhancement Arrangement (TEA)

- Some jurisdictions concerned with delays in achieving consensus
- Plurilateral TEA developed that expands AIT obligations to all technical measures.
- BC, AB, SK, MB, PEI, Yukon have signed
- No language related to orderly marketing included as jurisdictions believe that orderly marketing measures are not captured in technical measures.



New CIT Directives

- September 2006 – Agriculture ministers directed by CIT to develop action plan.
- Officials moving ahead with discussions with goal of completing Chapter 9 review.
- Unclear if agreement can be reached on outstanding issues related to:
 - Language for orderly marketing
 - Exclusions