

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CANADA - EXTENSION OF IMPORT CONTROLS ON DAIRY PRODUCTS

The following communication, dated 26 October 1970, has been received from the delegation of Canada.

I have the honour to advise you, for the information of the contracting parties, that the Government of Canada has extended the coverage of import controls applicable to dairy products.

During the course of the past year depressed international prices for dairy products, resulting from a heavy world over-supply, have led to certain dairy products, not under import control, entering Canada or being offered at prices well below Canadian support levels. These imports displace Canadian dairy products to the extent that they cause serious disruptions in the Canadian dairy stabilization programme, which is designed among other things to bring over-production under control.

Prospective large-scale imports of non-traditional types of processed cheese represented the major threat of disruption to the dairy support programme. Imports of condensed milk were likely to expand if not controlled, thus adding to the disruption in the support programme, and imports of evaporated milk would have compounded this difficulty. Finally, there was a definite possibility that imports of low-priced ice-cream (including mixes) and lactose would begin in the near future.

In the light of this actual and potentially disruptive situation for the Canadian dairy industry, the Government decided to place the following products on the import control list effective 14 August:

- (1) dry whole milk;
- (2) cheese of all types (subject to the important qualification described in the following paragraph with regard to natural cheese, other than Cheddar or Colby, imported for direct consumption and processed cheese traditionally imported into Canada);

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- (3) animal feeds containing more than 40 per cent of non-fat milk solids;
and
- (4) evaporated and condensed milk.

The Government will maintain a continuing review of the import situation for ice-cream (including mixes) and lactose with a view to including these products on the import control list if imports threaten undue injury to the dairy stabilization programme.

In addition to continuing current controls on Cheddar, Colby and cheese for processing, the aim of the new cheese control is to prevent disruption of the Canadian market by prospective large-scale imports of non-traditional processed cheese. To prevent evasion of cheese controls, it was necessary to put all cheese imports formally under control. However, natural table cheeses other than Cheddar or Colby, imported for direct consumption, will be subject to open general licence and will not require individual import permits. Natural cheese is defined as cheese that has not been further processed, treated or altered in composition after its original manufacture. In order to control imports of non-traditional processed cheese, all processed cheese imports will require individual import permits, but such permits will be issued freely for traditional types. Since low-priced imports of processed cheese at the present time constitute in the main only a threat to the dairy support programme, it is expected that the import controls on types of processed cheese currently being imported into Canada will be relatively limited.

It is not expected that import permits will be issued for low-priced processed cheese (nor, in the main, as at present, for cheese for processing or Cheddar or Colby) nor for other dairy products being placed on the import control list.

Contracting Parties having a substantial interest as exporters to the Canadian market were informed bilaterally of these measures in advance of their imposition.

The reasons for the existence of import controls in Canada on certain dairy products, and the prospects for their adjustment or removal, are as described last April at the meeting of the Joint Working Group on Import Restrictions.