

## **TECHNICAL BARRIERS TO TRADE**

### *Cheese Compositional Standards*

Canada's regulations on compositional standards for cheese limit the amount of dry milk protein concentrate (MPC) that can be used in cheese making, reducing the demand for U.S. dry MPCs. The United States continues to monitor the situation with these regulations for any changes that could have a further adverse impact on U.S. dairy product exports.

### *Front-of-Package Labeling on Prepackaged Foods*

In November 2016, Health Canada requested public and technical comments on its proposal to implement requirements for front-of-package (FOP) labeling on prepackaged foods deemed high in sodium, sugars, and saturated fat, and on updating requirements for other information on the front of food packages including certain claims and labeling of sweeteners. The approach under consideration uses nutrient thresholds to determine whether a food would be required to carry a new FOP symbol. The U.S. Government and U.S. industry submitted comments on Canada's pre-consultation. Canada issued proposed regulations on February 10, 2018. The U.S. Government will submit comments on the proposed regulations.

### *Restrictions on U.S. Seeds Exports*

For many major field crops, Canada's *Seeds Act* generally prohibits the sale or advertising for sale in Canada, or import into Canada, of any variety of seeds that is not registered with Canada's Food Inspection Agency (CFIA). Canada's variety registration is designed to give CFIA an oversight role for maintaining and improving quality standards for grains in Canada; facilitate and support seed certification and the international trade of seed; verify claims made which contributes to a fair and accurate representation of varieties in the marketplace; and facilitate varietal identity, trait identity and traceability in the marketplace to ensure standards are met and to support trade. However, there are concerns that the variety registration system is slow, cumbersome and disadvantages U.S. seed and grain exports to Canada. The United States is in discussions with Canada on steps to modernize and streamline Canada's variety registration system.

## **IMPORT POLICIES**

### **Agricultural Supply Management**

Canada uses supply-management systems to regulate its dairy, chicken, turkey, and egg industries. Canada's supply-management regime involves production quotas, producer-marketing boards to regulate price and supply, and tariff-rate quotas (TRQs) for imports. Canada's supply-management regime severely limits the ability of U.S. producers to increase exports to Canada above TRQ levels and inflates the prices Canadians pay for dairy and poultry products. Under the current system, U.S. imports above quota levels are subject to prohibitively high tariffs (*e.g.*, 245 percent for cheese and 298 percent for butter).

The United States remains concerned about potential Canadian actions that would further limit U.S. exports to the Canadian dairy market. The United States continues to monitor closely any tariff reclassifications of dairy products to ensure that U.S. market access is not negatively affected.

### *Milk Classes*

Canada provides milk components at discounted prices to domestic processors under the Special Milk Class Permit Program (SMCPP). These prices are "discounted" and are lower than Canadian support prices and