

Annexe 6



June 17, 2013

Mr. Patrick Caron
Internal Trade Officer
Internal Trade Secretariat
Suite 850, 444 St. Mary Avenue
WINNIPEG MB R3C 3T1

Dear Mr. Caron:

Pursuant to Article 1703(1) of the Agreement on Internal Trade (AIT), Saskatchewan is requesting the establishment of an AIT Panel. The request for a Panel is to resolve the dispute between Saskatchewan and Quebec to determine if Quebec's measures governing dairy analogs and dairy blends are inconsistent with the AIT.

The measures of complaint relate to the restrictions on the manufacture, sale, and marketing of oil-based dairy blends and analogues within the Province of Quebec. In particular, the measures include Quebec's *Food Products Act*, R.S.Q., c. P-29 and the *Regulation respecting food*, R.S.Q., c. P-29, r. 1, enacted pursuant to that Act (hereinafter the Regulations).

The following provisions of the AIT apply to the measures under complaint: Chapter 9 (Agriculture); Article 401 (Reciprocal Non-discrimination); Article 402 (Right of Entry and Exit); Article 403 (No Obstacles); and, Article 404 (Legitimate Objectives).

It is Saskatchewan's view that the Quebec prohibitions on the manufacture and sale of oil-based dairy blends and analogues in the *Food Products Act* and Regulations provide limited access to the Quebec market and therefore contravene the AIT.

Saskatchewan requested consultations with Quebec on January 23, 2012. The consultation period was extended beyond the 120 days mandated by Article 1703(1). In Saskatchewan's view, consulting parties have provided the fullest opportunity to resolve the complaint.

For more than a year, Saskatchewan, together with British Columbia and Manitoba, consulted with Quebec in an attempt to resolve this issue, in accordance with Article 1702.1 of the AIT. A significant amount of progress was made by way of mutual exchange of information and perspectives, but Quebec has yet to modify its *Food Products Act* or Regulations to bring itself into compliance with the AIT.

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Unfortunately, consultations have stalled and, in Saskatchewan's view, have not resulted in a satisfactory outcome. Saskatchewan therefore requests that an AIT Panel be established to hear the dispute.

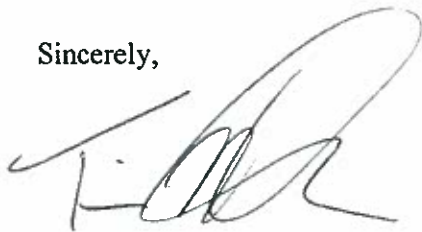
The Quebec measures serve as a barrier to the Quebec market for manufacturers of oil-based dairy blends and analogues and oilseed producers. These measures effectively prohibit oil-based dairy blend and analogue manufacturers and producers from entering the Quebec market. Oil-based dairy blends and analogues are widely available for purchase across Canada - in Quebec, however, the same blends and analogues are prohibited, and a retailer or manufacturer convicted of selling such products is potentially subject to significant fines and other sanctions.

The Quebec market represents a potentially sizable share of the Canadian dairy blend market, and the impugned measures limit the choices and options for Quebec consumers. Effectively, these restrictions represent a lost opportunity for manufacturers and resellers of oil-based dairy blends and analogues in Quebec, and considerable lost sales for agriculture producers who sell to those manufacturers. Quebec's measures represent a significant restriction to internal trade for manufacturers, producers, and resellers of oil-based dairy blends and analogues across Canada. Similar issues were dealt with decisively in the 2010 Report of Article 1702(2) Summary Panel Regarding the Pre-Existing Dispute Concerning Ontario's Measures Governing Dairy Analogs and Dairy Blends.

Saskatchewan believes that resolution of the complaint against Quebec is important for agriculture producers and oil-based dairy blend manufacturers. In addition, resolution of the issue extends to strengthen the credibility of the AIT.

The Government of Saskatchewan remains committed to providing for the free movement of oil-based dairy products within the Canadian market.

Sincerely,



Tim McMillan
Minister Responsible for Trade

cc: Honourable Lyle Stewart, Minister of Saskatchewan Agriculture
Ministerial Committee on Internal Trade