

June 24, 2005

Mr. Patrick Hines
International Trade Policy Division
Department of Finance
L'Esplanade Laurier, East Tower, 14th floor
140 O'Connor Street,
Ottawa, ON
K1A 0G5

Re: Proposed Tariffs on Virgin Olive Oil 1509.10.00 and Mineral Waters 2201.10.00

Dear Mr. Hines:

I am writing on behalf of the Canadian Association of Importers and Exporters (I.E.Canada) regarding the proposed tariffs on virgin olive oil and mineral waters.

Our association has over 700 members representing a broad cross-section of the trading community throughout Canada, including service providers.

Our comments represent concerns raised by member companies who would be negatively affected should Canada proceed with the proposed tariffs.

I.E.Canada strongly urges the Government of Canada to pursue all avenues available to negotiate a market access settlement with the European Union in order to avoid implementation of tariffs. While tariffs are perceived in this situation as a means of retaliating for the loss of market access by Canadian exporters, in fact, it is domestic importers and Canadian consumers who suffer the consequences of such action with little, if any, benefit to exporters. Domestic importers are often placed at a competitive price disadvantage compared to domestic alternatives and Canadian consumers ultimately pay higher prices for imported products and in the worst-case scenario lose access to imported products.

The following comments deal specifically with the proposed tariffs on virgin olive oil and mineral waters.

Virgin Olive Oil 1509.10.00:

Placing a tariff on olive oil will reduce availability to Canadian consumers and could negatively impact the health of Canadians.

The Canadian consumer is increasingly switching to olive oil as the oil of preference for a healthy diet. Olive oil has the lowest content of saturated fat, an associated cause of stroke and heart disease, of all vegetable fats. Olive oil is already premium priced in grocery stores. A recent survey of national grocery retailers in the metropolitan Toronto area showed the average retail price for olive oil to be \$7.99 per liter. This compares to \$4.50 per liter for corn oil or canola oil and \$5.00 per two-liter volume of the same oils. Placing a tariff on olive oil would result in an increase in price to Canadian consumers and likely reduce the accessibility of this product to many.

Canadian food manufacturers are actively searching for low trans fat containing alternatives to hydrogenated and partially hydrogenated vegetable fats. Olive oil is an important option being considered. Applying a tariff could limit commercially the potential for this application and an opportunity to improve the health of Canadians.

The importance of reducing trans fats is demonstrated by recent events: (i) Health Canada and Canadian health professionals have recognized the adverse effects of consuming trans fats in our diet; (ii) Denmark has placed a maximum limit on the allowable level of trans fats in processed foods; (iii) a private member's bill was recently introduced in the House of Commons that proposed the implementation of a similar limit in Canada as that in Denmark; and (iv) a joint Health Canada - Canadian Heart and Stroke Foundation task force has been commissioned to address the risk of consumption of trans fats by Canadians and to assess and monitor implementation by domestic manufacturers of practices for reducing the amount of trans fats in the Canadian diet.

Mineral Waters 2201.10.00:

While concerns over the proposed tariff on mineral waters may not relate specifically to reducing adverse effects on the health of Canadians as in the case of olive oil, they are none the less grave.

The European Union is the exclusive source of the quality of mineral water imported and sold by member companies of I.E.Canada. Applying a tariff will result directly in a price increase for Canadian consumers. Consumers will have no recourse but to pay the higher price as no alternative domestic source of similar quality is known.

Consumption of mineral water and bottled still water has increased and continues to grow as a result of decreasing consumer confidence in public drinking water. Events in Canada such as the Walkerton E. coli contamination and others continue to fuel consumer concern and cause consumers to seek alternative water sources such as mineral water.

Canadian consumers are also switching to mineral water as an alternative to sweetened carbonated beverages as concerns over adult and child obesity grow.

Imposing a tariff that would directly increase the cost to consumers will negatively impact the availability of this product to Canadians.

I welcome the opportunity to discuss our concerns with you. Please feel free to contact me at 416-595-5333 or by e-mail at manderson@iecanada.com.

Yours truly,



Mary Anderson
President