

Certification should not be used as a market access barrier. Canada will continue to monitor our access to key markets with a view to ensuring that certification remains a voluntary marketplace activity and that criteria consistent with Canadian forest values are used to evaluate Canadian products.

International Traffic in Arms Regulation (ITAR)

In April 1999, the United States amended the Canadian Exemptions section of the International Traffic in Arms Regulation which imposed U.S. export licence requirements on a broad range of U.S. defence goods and technology to Canada. Prior to that time, most U.S. defence goods and technology could be exported to Canada licence-free.

On June 16, 2000, the Minister of Foreign Affairs and the U.S. Secretary of State announced agreement on measures to strengthen our respective defence trade control regimes. As part of the resolution, Canada will harmonize its Export Control List with the U.S. Munitions List; strengthen controls over re-exports of U.S. controlled goods; and, institute a new registration system for persons requiring access in Canada to controlled goods. A *Defence Production Act* amendment, authorising a registration system, received Royal Assent on October 20. Regulations designed to implement the registration system, as well as harmonise Canada's export control system with that of the United States, were published in January 2001.

In exchange for these measures, the United States has agreed to reinstate many of the provisions of the International Traffic in Arms Regulation "Canadian Exemptions", to allow licence-free access to these goods and technology to not only Canadian citizens, but Canadian dual-nationals and permanent residents. Certain issues still remain outstanding. These include restrictions on citizenship under Technical Assistance Agreements (TAA) and export licences; and, the exclusion of Missile Technology Control Regime (MTCR) Category II items in the ITAR Canadian Exemptions. Canadian industry has been consulted throughout this process.

Uranium

Following intervention by the Government of Canada and the Province of Saskatchewan, and extensive consultations with various U.S. government agencies, the Department of Commerce

withdrew a proposed Amendment to the Uranium Suspension Agreement that would have increased the U.S. quota on imports of uranium originating in Russia from 4 million to 10 million pounds per annum. The amendment would have further depressed prices in the uranium market and impaired the ability of Canadian uranium producers to compete in the U.S. market, putting at risk recent domestic investments.

MONITORING DEVELOPMENTS AFFECTING CANADIAN INTERESTS

The Record of Understanding on Agriculture

The December 4, 1998, Canada-United States Record of Understanding (ROU) and Action Plan has continued to contribute to the management of bilateral agricultural trade relations. The Consultative Committee on Agriculture established under the ROU met twice in 2000, as did the Provinces/States Advisory Group. Intensified communications resulting from these meetings have helped to better understand the bilateral issues, and have accelerated work to define solutions to emerging problems. For example, pesticide regulatory agencies on both sides of the border are continuing to work together to harmonize their approval processes. The Second Pesticide summit, held in Ottawa in April 2000, provided a forum to co-ordinate the development of solutions to trade issues arising from differing regulatory requirements in both countries.

Other positive aspects of the ROU include: the in-transit grain rail program, which moved 6,998 rail cars (approximately 650,000 tonnes) of U.S. wheat, barley and oats through Canada in 1999 and has already shipped almost 4,400 rail cars (over 400,000 tonnes) over the first eight months of 2000; the harmonization of pesticide regulations; the joint publication of data concerning U.S.-Canada cattle inventory; and the expansion of the Restricted Feeder regulations (formerly known as the Northwest Cattle project) to include additional states and provinces.

Under the action plan, both sides have agreed to remove a range of measures that restrict access for livestock, equine semen, horticultural products and nursery stock. The agreement also addresses industry concerns related to pest control products. Canadian and U.S. agencies responsible for these