



Economic Cooperation, which established a structure of consultative committees. The 1996 *Canada-EU Action Plan* sets out guidelines for the substance of the relationship, specifically a range of common undertakings in multilateral fora and on a bilateral basis. These include the conclusion of four bilateral agreements (Customs Cooperation, Veterinary Equivalency, Mutual Recognition of Standards Conformity Assessment practices and Competition Law), statistical co-operation, standards and regulatory issues, business to business contacts and common endeavours in the WTO in areas such as trade and investment, competition, accessions, and services.

Implementation of the Action Plan is progressing steadily. New bilateral agreements have been concluded (see next section). On December 17, 1998, Canada and the EU agreed to pursue the European Canada Trade Initiative (ECTI). Included in ECTI, the two sides have made a good start on further development of business-to-business contacts, including a business-to-business dialogue, particularly in the small and medium-sized enterprise sector. Canada's longstanding active role in the advocacy of transatlantic trade has resulted in comprehensive consultations on the multilateral trade agenda, and the exploration of the scope for development of new bilateral initiatives focused particularly on the areas of standards and regulatory co-operation. As well, Statistics Canada and Eurostat are continuing work on a project that will help to remove discrepancies between Canadian and European trade data.

Market-opening Results in 1998

- Signature and implementation of the Canada-EU MRA on conformity assessment for regulated products in May 1998 will reduce costs and facilitate market access in Europe for Canadian producers of telecommunications terminal equipment, IT equipment, electrical equipment, medical devices, pharmaceuticals and recreational boats.
- Signature in December 1998 of an agreement on veterinary equivalency (health requirements applicable to trade in animals, fish and animal/fish products) will provide a mechanism for the mutual recognition of equivalency of Canadian and EU inspection and certification requirements.

- Signature in December 1998 of an amendment to the Canada-EU Agreement on Cooperation in Science and Technology, to extend coverage of the agreement from a positive list of nine sectors to all sectors including biotechnology.
- Signature in December 1998 of an agreement to permit co-operative research by Canadian and European consortia in the field of peaceful use of nuclear energy.
- Completion of negotiations on an agreement permitting information exchange and co-operation by Canadian and EU authorities in the area of competition policy and law.
- In November 1998, the EU modified its grain import regime, to allow for a reduced duty on lower grades of Canadian durum wheat.
- On January 1, 1999, the EU over-quota tariff on newsprint was reduced from 3.5 percent to 2.5 percent.

Canada's Market Access Priorities for 1999

Canadian exporters to the EU will benefit from improved access provided by the ongoing implementation of the WTO agreements and the bilateral agreements noted above, which go beyond the WTO. However, there remains a range of barriers to trade in the EU of concern to Canada, particularly in the agriculture and natural resource sectors and pharmaceuticals. The priority issues are outlined below, including access for cereals, approval of genetically modified canola, restrictions on export of tallow, eco-labelling, wine-making standards and appellations, tariffs on fish, shrimp, seafood and aluminum, access for chrysotile asbestos, untreated softwood lumber, and beef produced with growth promoting hormones.

The EU maintains measures that distort global trade in motor vehicles. The WTO Agreement on Safeguards requires such measures to be fully eliminated by December 31, 1999. Canada will be monitoring developments to ensure that 1) the distortive measures are eliminated on schedule and 2) that no new schemes are devised to continue the distortion of automotive trade.