

- encourage professional associations in Canada and the European Union to work toward agreements concerning the mutual recognition of qualifications; and
- continue co-operation with the European Union in the field of e-commerce pursuant to the agreed work plan.

A number of barriers to trade exist in the European Union that are of concern to Canada, particularly in the agriculture and natural resource sectors. In the wake of past food-safety scandals in the European Union, Commission and Member State positions on consumer health and safety issues have grown more cautious, and factors other than scientific considerations appear to be growing in influence.

New multilateral trade negotiations will offer the best opportunity to improve Canada's market access on a wide range of industrial and agricultural goods. Bilateral liberalization efforts under ECTI will also make a contribution.

IMPROVING ACCESS FOR TRADE IN GOODS

Common Agricultural Policy and Subsidies on Agricultural Products

In March 1999, the EU heads of state approved Agenda 2000 EU Common Agriculture Policy (CAP) reform. The approved policy was disappointing in that it resulted in only modest reductions to agriculture price supports and allowed direct production-linked subsidies to remain. As a result, the Common Agricultural Policy will continue to restrict access to the EU market for most Canadian agricultural products and distort third country markets. Canada will pursue the reduction of market-distorting domestic support and the elimination of all export subsidies through multilateral negotiations on agriculture, which commenced in 2000.

Wine and Spirits

Canada and the European Union have been engaged in renewed efforts to reach agreements on wine and spirits over the past year. High level discussions took place in late 2000/early 2001, including at the December 2000 Canada-EU Summit in Ottawa, with a view to gaining early access for Canadian icewine. On February 27, 2001, a significant hurdle was

cleared when the EU wine management committee (comprising all Member States) did not oppose the legislative changes necessary to allow the import of Canadian icewine. The European Commission is expected to adopt these legislative changes soon. Other issues being discussed include oenological practices and the protection of names. The European Union has also raised concerns related to certain provincial liquor board policies. Objectives on the spirits side include the recognition and protection by the European Union of the term "Canadian whisky".

Fish

Canadian exporters of fish, shrimp and seafood products continue to be disadvantaged by high EU tariffs. The EU groundfish tariffs on many items of interest to Canada fall within the range of 12 percent to 23 percent. Coldwater shrimp exports are faced with tariff rates of up to 20 percent, depending on the product form. Primarily because of these barriers, Canadian fish and seafood exports to the European Union have declined since the beginning of the decade, stabilizing around the \$300 million level. It will continue to be a priority for the Canadian government to seek improved access to the European Union for Canadian fisheries exports.

In April 1999, the European Union opened a 4,000-tonne autonomous TRQ for cooked and peeled shrimp, under which the product was subject to a reduced duty of 6 percent if imported for further processing in the European Union. EU Member State fisheries ministers decided in December 1999 to extend the TRQ for a further three years and to increase the quantity to 5,000 tonnes annually. Canada will continue to actively pursue renewal and improvement of the TRQ as an interim measure until we have an opportunity to try to obtain unrestricted duty-free access for this product via WTO negotiations.

Aluminum

Reduced tariffs on aluminum ingot and other non-ferrous metals remain a priority for Canada. With regard to aluminum, for example, the government will continue to support the Canadian industry's efforts to encourage like-minded producers and users of ingot in the European Union to urge the European Commission to suspend the 6-percent tariff.