

Coldwater shrimp exports face tariffs of up to 20%, depending on the product form. Because of these barriers, improved access to the EU for Canadian fisheries exports will continue to be a priority for the government.

In April 1999, the EU opened a 4,000-tonne autonomous tariff rate quota (ATRQ) for cooked and peeled shrimp, under which the product was subject to a reduced duty of 6% if imported for further processing in the European Union. As a result of efforts by the federal and provincial governments, together with industry representatives, EU member state fisheries ministers subsequently extended the ATRQ to cover the years 2001 to 2003 and increased the quantity to 5,000 tonnes annually. In October 2003, the EU increased the annual ATRQ to 7,000 tonnes. In the medium term, Canada will address the broader seafood tariff issues during the current round of multilateral trade negotiations. In the short term, Canada is seeking to persuade the EU to make improvements to the ATRQ for cooked and peeled shrimp, including through maintaining or increasing the current quota and relaxing the ATRQ's restrictive end-use requirements (which call for further processing in the European Union).

New Chemicals Policy

In October 2003, the Commission endorsed the draft regulation for a new chemicals policy that will now have to be approved by the European Parliament and the Council. The proposal replaces more than 40 existing directives and regulations. It foresees one single, integrated system for the registration, evaluation and authorization of chemicals (referred to as "REACH"). Under the new system, companies that produce and import chemicals will need to assess the risks arising from their use and take the necessary measures to manage any identified risk. This will shift the burden of proof from public authorities to industry for ensuring the safety of chemicals on the market.

Canada expressed concern in a number of areas of the proposed regulation. The inclusion of raw materials such as ore and concentrates in the scope of REACH may have serious cost implications. These materials are complex and heterogeneous. Thousands of different materials with unique characteristics could each require the preparation of a registration dossier.

The opportunities for sharing the cost of registration among companies for such materials is limited. Canada is also concerned about the treatment of metals in massive and solid forms and of alloys. In massive forms, the potential for exposure, and therefore the potential impact on the environment and on health, is greatly reduced.

The proposal is in its initial legislative stages; no final decision is expected before the next European Parliament elections. Canada will continue to monitor developments concerning this regulation as it applies to the minerals and metals sector and particularly with regard to its consistency with the EU's WTO obligations.

Organic Food Products

The EU has detailed regulations on the production, labelling and inspection of organic products, and it maintains a list of countries from which imports of organic products are permitted. Canada does not appear on this list. Until December 31, 2005, countries not on the list may still export organic products to the EU, provided that the importer furnish evidence that the imported products were produced in a manner equivalent to that specified by EU rules and inspected according to EU-equivalent measures. The case-by-case nature of this approval process creates uncertainty for Canadian exporters. After 2005, imports of organic products must originate in countries appearing on the EU list.

Canada will submit a formal application for inclusion on the EU list, which will demonstrate how Canada's certification system and national production standard are equivalent to that of the EU. This application will be submitted once the revision of Canada's National Organic Standard is complete and the Standard is approved by the Standards Council of Canada.

Risk Assessments

The EU is currently undertaking assessments of the health and environmental risks associated with the use of three metals of significant export interest to Canada: cadmium (by Belgium), zinc (by the Netherlands) and nickel (by Denmark). The lead and copper industries have initiated voluntary risk assessments. If a product "fails" the assessment and is deemed a health or environmental risk, the use