



amendments to the July 1997 proposal. Starting July 1, 1998, an enlarged list of SRMs will have to be removed in products destined for food, feed or fertilizer use. However, derogations will be evaluated for BSE-free countries and any country not having native BSE cases (Canada is BSE-free). Countries applying for such a derogation will have until January 1, 1999 before the SRM rules come into effect. The Commission has also indicated that pharmaceutical, cosmetic and industry products will now be covered by separate legislation.

The EU ban has the potential to affect about \$60 million of Canadian tallow exports to the EU. Canada and the United States have argued that tallow and its derivatives are heat-treated during manufacturing to a point where the BSE-infective agent is eliminated. Canada has formally requested a derogation for tallow exports in view of Canada's BSE-free status, and the lack of any scientific evidence that tallow carries the BSE agent, if certain good manufacturing practices are adhered to. Canada will continue to make representations to protect our trade interests.

Fur

In 1991, the European Council passed a regulation to ban all jaw-type leghold traps in the EU by 1995, which would have applied to third countries exporting fur to the EU. In the early 1990s, federal and provincial governments in Canada decided that a wide-ranging agreement on the definition of humane traps would be of greater significance from a trade and animal welfare perspective than a simple domestic ban on jaw-type leghold traps. In mid-1996, Canada, the EU, Russia and the United States started the negotiation of a Humane Trapping Standards Agreement.

On December 15, 1997, Canada and the EU signed the Agreement on International Humane Trapping Standards, and Russia will sign at a later date. Signatories to the Agreement may not apply trade measures against each other. This will ensure secure market access for Canadian fur exports to the EU.

In late December 1997, the United States and the EU signed an Agreed Minute, which is basically equivalent to the EU-Canada-Russia Agreement. The United States-EU arrangement makes it possible for Canadian fur traders and auction houses to combine U.S.- and Canadian-origin furs for shipment to the

EU. Fur shipments entering the EU as of December 1, 1997, must be accompanied by certificates of origin. A certification system is now operational in Canada, which will ensure continued market access to the EU for Canadian fur and fur products.

Chrysotile Asbestos

Austria, Luxembourg, Sweden, Italy, Netherlands, Finland, Germany, France and Belgium have severely restricted or banned the use of chrysotile asbestos, which is largely imported, in favour of domestically made substitutes. In 1997, Canada exported a total of approximately \$16 million in asbestos and asbestos-containing products to the EU, down from a total of approximately \$50 million in 1993.

The Canadian government, in partnership with Québec, the industry, the unions as well as the affected communities, seeks to maintain market access for asbestos products. Last Fall, Prime Minister Chrétien raised this issue with his counterparts from the United Kingdom and France. Senior Canadian officials have also discussed measures affecting chrysotile asbestos on a number of occasions with their European counterparts.

In December 1997, the Canadian government organized a gathering of government and industry representatives from other asbestos producing countries. Similar meetings were convened in January and February 1998. The goal of these meetings was to develop a common strategy for the maintenance and promotion of the chrysotile asbestos industry worldwide, as well as to address concerns regarding the use of asbestos in Europe.

Canada believes that the bans imposed by many European countries cannot be justified by scientific risk assessments, and that these bans are not proportional to the risks presented by chrysotile asbestos in specified applications. (Indeed, a recent peer review of a technical paper that had been commissioned by the European Commission questions the growing use of asbestos bans in Europe as a means of protecting public health.)

In Canada's view, the scientific evidence favours a controlled-use approach to chrysotile asbestos and therefore the Government will continue to seize all opportunities to persuade the EU and the individual