

25. Third, an estimated 68 per cent of shucked frozen scallops are sold into the food service sector almost exclusively without roe. At the retail level, both shucked frozen *Pectens* and shucked frozen non-*Pectens* are also often sold without roe.

26. Thus, there are simply too many variables to permit roe to be considered a relevant characteristic to be taken into account in determining whether a scallop is "coquilles Saint-Jacques" or not.

3. Trade Effects

a. *The decline in the volume of Canadian scallops imported into France cannot be attributed to a supply problem in Canada*

27. The EC has argued that Canadian exports of scallops to France have declined because there has been a decline in Canada's supply of scallops.¹¹ This is not the case. A review of Canadian scallop catch and quotas from 1990 to 2 November 1995, (catch data for areas not under quota are not available yet for 1995) clearly shows that Canada's supply was in fact increasing over the period 1990 to 1994. Although Canada's supply will decline somewhat in 1995, the total supply in 1995 is expected to exceed the level of 1991, when Canada's scallop exports to France were at their highest volume ever. In any event, fluctuations in supply are not unusual in a well-managed fishery where biological cycles affect catch on a regular basis. In recent years, Canada has established a conservative management regime to ensure the long-term viability of the fishery.

28. The sharp decline in French imports of Canadian scallops since 1995, when the term "pétoncles" had to be included on the label, has been caused by the Order. Export volumes to August 1995 are at their lowest level since 1990 and are less than fifty per cent of 1993's poor level. Although from March 1993 to October 1994 exporters could often sell their scallops with a version of "Saint-Jacques" on the label, changes in labelling requirements and the resulting uncertainty about such requirements were also significant factors in the decline. The sharp decline in Canadian scallop exports, especially in 1995 now that exporters must include the term "pétoncles" on the label, cannot be attributed to a supply problem.

29. The EC has compared Canada's fluctuating exports with those of Australia and New Zealand, suggesting that Canada's sharp drop in exports is not unusual given the normal variations in the patterns of trade for this sector. However, Australia and New Zealand experienced well-documented short-term declines in supply that reduced the quantity available to be exported to the French market. Supply is not expected to be a problem for these two

¹¹ See paragraph 45 of the EC's first written submission.