

measure requiring mandatory labelling for forest products based on non-product-related process and production methods. Procurement policies that specify that all products must carry the label of one specific certification scheme to the exclusion of other equivalent approaches are also of concern. We also remain vigilant to protect against raw material specifications based on local conditions or inappropriate criteria. Canada will continue to monitor our access to key markets with a view to ensuring that certification remains a voluntary marketplace activity and that criteria consistent with Canadian forest values are used to evaluate Canadian products.

Certification best supports sustainable forest management when all equivalent certification schemes are recognized in the market. For this reason, we support those who propose equivalency and mutual recognition of various similar certification schemes.

Organic Food Products

The EU has detailed regulations on the production, labelling and inspection of organic products, and 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 furnishes evidence that the imported products were produced in a manner equivalent to 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 demonstrating how Canada's certification system and national production standard are equivalent to that of the EU. This application will be submitted once a reasonable number of certifying bodies have been accredited to the national standard.

IMPROVING ACCESS FOR TRADE IN SERVICES

Professional Services

The Canadian government has long encouraged national and provincial professional bodies to engage in the development of mutual recognition agreements

(MRAs) with their respective foreign counterparts as a means to facilitate and enhance their ability to export their services in foreign markets. Since these agreements are between respective professional associations, and hence are not intergovernmental in nature, the Government's role is to facilitate and encourage the development of MRAs.

In November 2000, a videoconference was held between Canadian and European government officials to discuss professional services. As a result of the discussion, architectural and engineering associations in Canada and the EU were asked to exchange questionnaires pertaining to each other's respective regulatory regimes on matters such as accreditation, licensing and qualification requirements and procedures. This process is now nearing completion. Direct contact has been established between the Royal Architectural Institute of Canada (RAIC) and the Architect's Council of Europe (ACE). The heads of both associations have met on several occasions during the past year. Consequently, it is hoped that an initial architecture accord, leading later to a full MRA, will be signed shortly.

SANITARY AND PHYTOSANITARY IMPORT REGULATIONS

Pinewood Nematode

Since July 1993, the European Union has required that Canadian exports of softwood lumber, except Western Red Cedar, must be heat-treated in order to ensure the destruction of the pinewood nematode (PWN). This requirement has effectively eliminated Canadian exports of green softwood lumber to the European Union. Canada has indicated on numerous occasions that it views this mandatory requirement as excessive, given the negligible risk of establishment of pinewood nematode in the European Union as a result of trade in Canadian green softwood lumber.

Over the years, Canada has proposed alternative measures to control pinewood nematode, while allowing trade in green lumber. However, the EU has not accepted Canadian proposals for less trade-restrictive measures. At Canada's request, WTO consultations were held on July 15, 1998, but the issue remains unresolved. Government officials have been working closely with industry and provincial representatives over the last year to review options.