



Forest Certification

Over the past few years a number of national and private voluntary forest certification schemes (SFM) have emerged in response to public demand that forest products originate from sustainably managed forests. Voluntary certification is among many potential useful tools that can be employed to promote sustainable management practices in the forest industry. The possibility that Canadian forestry products exported to certain European markets and possibly the United States may require that they are certified as coming from sustainably managed forests is an issue of growing concern for Canadian industry. While Canada supports certification as a market place activity in so far as it promotes sustainable forest management, the potential of voluntary certification to promote SFM is uncertain. Canada is concerned about the spread and acceptance of inappropriate schemes which are developed without industry input or consultation, and are being pushed onto consumers through third party pressure tactics. They could act as non-tariff barriers and would have a negative impact on SFM. Canada considers that forest certification schemes should remain voluntary, be market based and not have the effect of creating unnecessary obstacles to trade. As there are several approaches to forest management certification, Canada supports the acceptance of equivalency between different forest certification schemes which have been developed through an open, transparent and verifiable process.

SANITARY AND PHYTOSANITARY IMPORT REGULATIONS

Pinewood Nematode

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

Over the years, Canada has proposed alternative measures to control PWN while allowing trade

in untreated 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. During 1999, government officials will work with industry and provincial representatives to assess next steps.

Beef Hormones

In 1989, the EU banned the use of growth-promoting hormones in livestock and imposed a ban on the importation of beef produced with growth-promoting hormones. Both Canada and the United States consistently opposed the ban on the grounds that it was not based on scientific evidence and was an unjustified barrier to trade. The safety of growth-promoting hormones has been endorsed by the Codex Alimentarius, an international body established to set food-safety standards, and by Canada's own scientific reviews.

After Canada and the United States referred the matter to the WTO, a Panel concluded in August 1997 that the EU ban violated the WTO Agreement on Sanitary and Phytosanitary Measures since it was not based on scientific evidence. The Panel's conclusion was further confirmed by the WTO Appellate Body in January 1998.

The EU has until mid-May 1999 to implement the Panel and Appellate Body reports. Canada has indicated to the EU that it expects the ban to be lifted by mid-May 1999. Should the EU fail to comply with the WTO ruling, Canada will seek further recourse under the WTO, including compensation or suspension of concessions.

Canada-EU Veterinary Equivalency Agreement

The Canada-EU Veterinary Equivalency Agreement was signed at the Canada-EU Summit on 17 December 1998.

In July 1994, the European Commission initiated discussions with Canada concerning a bilateral veterinary agreement on sanitary measures for trade in live animals and animal products, including meat, poultry, eggs, dairy, honey, fish, and certain animal feeds. The Agreement establishes a mechanism for recognition of equivalent sanitary measures