

trade between Canada and the candidate countries is relatively modest, there will be some impact on trade flows as new members harmonize tariffs and regulatory schemes with the EU. Once they join the EU, the candidate countries will lose access to Canada's General Preferential Tariff. In terms of investment treaties, Canada currently has bilateral foreign investment protection agreements with five of the newly acceding countries: the Czech Republic, Hungary, Latvia, Poland and Slovakia. Maintaining high-level investment protection for Canadian investors is important as the new EU members bring their investment regimes into EU conformity.

Regulatory Cooperation

International trade policy is increasingly influenced by domestic decision making and regulatory activity. Consequently, Canada-EU regulatory issues are seen as being central to trade discussions. At the Canada-EU Summit in May 2003, leaders adopted a Joint Action Plan on Canada-EU Regulatory Cooperation and Dialogue as a first step toward developing a framework in this area. Work on a Canada-EU Framework on Regulatory Cooperation is meant to parallel work under way on the proposed TIEA and is expected to be a central element of an eventual agreement.

Market Access Results in 2003

- A Canada-EU Agreement on Trade in Wines and Spirit Drinks was finalized.
- A Canada-EU Cereals Agreement was finalized.
- A Joint Action Plan on Canada-EU Regulatory Cooperation and Dialogue was adopted at the May 2003 Summit.

Canada's Market Access Priorities for 2004

- Launch negotiations on the Canada-EU Trade and Investment Enhancement Agreement.
- Adopt a bilateral Framework on Regulatory Cooperation with the aim of increasing market access and enhancing trade by reducing regulatory irritants and promoting good regulatory practice.
- Press the EU for improved market access for cooked and peeled shrimp, including relaxation of the requirement for further EU processing.

- Advance equivalency in commodities covered under the Canada-EC Veterinary Agreement, particularly with respect to pork and bovine semen.

IMPROVING ACCESS FOR TRADE IN GOODS

A number of trade barriers of concern to Canada exist in the EU, particularly in the agricultural and natural resources sectors. In the wake of food-safety crises in the EU, the European Commission and member states have adopted more cautious positions on consumer health and safety issues, and factors other than scientific considerations appear to be growing in influence. Several updated regulations related to food safety and animal health were implemented in 2003. The Government of Canada continues to work with industry stakeholders to assess the impact and scientific basis of such legislation.

Aluminum

Reducing tariffs on aluminum ingot and other non-ferrous metals remain a priority for Canada. With regard to aluminum, the Canadian industry's efforts (supported by the government) to encourage like-minded EU producers and users of ingot to urge the European Commission to reduce or suspend the 6% tariff has resulted in some success. The European industry has announced that it is willing to give up this tariff under certain conditions in the current WTO negotiations.

Fish and Seafood

Canadian fish and seafood exports to the EU have increased over each of the last three years. In 2003 exports were up by 13% to \$332 million. This still represents a sharp decline from previous years. In 1990, seafood exports to the EU represented about 20% of Canada's global fish and seafood exports; the 2003 figure was 8.3%. Major factors in the decline have been the reduced supplies of groundfish, high EU tariffs and privileged access to the EU market enjoyed by Canada's major competitors. The EU tariffs on many fish and seafood items of interest to Canada fall within the range of 12% to 23%.