

Fish

Canadian exporters of fish and seafood products continue to be disadvantaged by high EU tariffs. The EU groundfish tariffs on many items of interest to Canada fall within the range of 7.5 to 12%, while coldwater-shrimp exports are faced with tariff rates of 12 to 20% depending on product form. Canadian fish and seafood exports to the EU have declined nearly one third from \$446 million in 1988 to \$304 million in 1996. This is explained in part by the reduced Canadian supply of groundfish, but a more significant factor is the competitive disadvantage to Canadian exports caused by the high level of tariffs. The disadvantage has worsened in recent years with the accessions of Sweden and Finland to the EU, and new preferential terms of access for Norwegian and Icelandic exporters. It will continue to be a priority for the Canadian government to seek improved access to the EU for Canadian fisheries exports, particularly for herring, mackerel, smoked salmon, processed lobster, snow crab, coldwater shrimp and fresh oysters.

Technical Barriers

A key element of the EU single-market program is the elimination of technical barriers to internal trade through mutual recognition of voluntary national standards, testing and certification of conformity, as well as the legislation of EU-wide directives on essential technical requirements. The directives cover a wide range of goods, including construction products, toys, machinery, electrical goods, telecommunications terminal equipment and medical devices. Compliance with EU technical directives, member-state legislation and/or (where applicable) voluntary standards are prerequisites for access to EU markets for a growing range of goods.

Many Canadian exporters consider the complexity of these requirements, much less their substance, to be a technical barrier to trade. Some EU directives cover several sectors, such as the one dealing with electromagnetic compatibility (EMC). There are others such as the personal protective-equipment directive that apply to only one product or sector. However, there is also a third category, which includes telecommunications-terminal equipment, that stipulates compliance with both product-specific and horizontal requirements.

A draft MRA on certification of conformity with each other's requirements (Telecommunications Equipment and Electromagnetic Compatibility, Recreational Boats, Medical Devices, Pharmaceutical Goods Manufacturing Practices and Electrical Safety) was initialled in May 1997 in Brussels, and is expected to be approved by both the EU Commission and Canada, and to be formally signed in May 1998.

Genetically Modified Canola

In 1997, the Canadian canola industry decided not to segregate the production of genetically enhanced canola with herbicide-resistant traits from traditional canola production. This was because the varieties registered for commercial production in Canada had all undergone safety assessments and were determined to be substantially equivalent to traditional canola. Canada's largest export markets (Japan, the United States and Mexico) had also approved the traits in the varieties under cultivation in Canada, and it was therefore no longer economically justifiable to segregate production. Some 25% of Canadian canola acreage was grown with genetically modified (GM) canola in 1997. The EU has only approved two of Canada's GM varieties, and thus Canada is unable to export canola to the EU from the 1997 crop. Canada's position is that there are no health and food safety reasons why the GM canolas should not be approved for the EU market.

Canadian canola exports to the EU have averaged \$240 million per year. The lack of approval has affected mutually beneficial trade in oilseeds. EU oilseed crushers periodically import oilseeds from Canada which allows European oil exporters to take advantage of opportunities in third country markets. Canada will continue to take every opportunity to press for access for GM canola exports.

Specified Risk Materials (SRM) Ban

In July 1997, the EU had proposed to ban the use of specified risk materials (SRMs) as a bovine spongiform encephalopathy (BSE)-related measure. The ban was originally intended to cover products of animal origin intended for food, feed and fertilizer as well as cosmetics, pharmaceuticals and industrial products. The ban would therefore apply to the manufacture of tallow and its derivatives. In February 1998, the Commission announced