



for shipments of Canadian lumber to address EU concerns, and looks forward to prompt and favourable consideration of it by the EU Plant Health Committee.

#### **Beef Hormones**

An EU prohibition on the use of hormones to promote growth in animals has been applied to imports of meat and meat products for human consumption since 1989. In the absence of scientific justification for the ban, and in light of internationally agreed standards for the safe use of certain hormones, Canada is challenging this ban under the dispute settlement facility of the WTO.

#### **Veterinary Equivalency Agreement**

The EU is conducting separate negotiations with Canada and a group of other countries including the United States, Australia and New Zealand on bilateral agreements on sanitary measures pertaining to trade in live animals and animal products. Agreement in principle with Canada on the text of this agreement was reached in March 1997, which should provide the basis necessary to develop the recognition of equivalency in our respective sanitary measures.

#### ***Export Subsidies for Agricultural Products***

The EU agreed in the Uruguay Round to reduce its subsidies on agricultural commodity exports by 36% and subsidized volumes by 21%, by July 2000. Nevertheless, EU subsidized exports, particularly of cereals, remain a major concern to Canada.

#### **Government Procurement**

The EU is a party to the plurilateral *WTO Agreement on Government Procurement (AGP)* and has made significant commitments for coverage under that Agreement, on the part of both central and subcentral governments. However, a major concern for Canada has been to achieve effective access to the EU market and particularly to contracts covered by the AGP. Canadian exporters have not, in general, been successful in breaking into EU procurement markets. Procurement trade among EU member states is very low, indicating the difficulties faced in obtaining access to EU procurement markets.

EU directives are very restrictive for EU procurement not subject to international obligations. The EU Internal Directives on Public Procurement require 50% EU-origin content and allow bidding to be restricted to EU suppliers only. Procurement in the EU telecommunication equipment market is

governed by the Utilities Directive, which covers public and private sector utilities providing one or more telecommunications services. While the Directive seeks to preclude discrimination and provide transparency in the market, it also allows the use of restricted and negotiated contract-award procedures without justification, and requires purchasers to use EU standards where appropriate. A preference of 3% is accorded to EU suppliers that match a non-EU offer. Local content requirements may be waived by the EU Council, or eliminated entirely if the EU has a reciprocal agreement with the country concerned. However, no such agreement exists between Canada and the EU. Canada's objective is to expand EU procurement coverage, either under the AGP, or in other fora, to eliminate the effect of these restrictions.

#### ***Investment***

Certain measures taken at the EU level exert an important influence upon investment decisions. These include liberalization of capital movements; trade measures such as rules of origin, anti-dumping and local content; research and development policy; competition (especially merger and acquisition) policy, and state aids. In particular, the application of competition law under conditions of increasing globalization is increasingly recognized as an influence on foreign direct investment.

#### ***Telecommunications***

With the recent conclusion of the GATS negotiations on basic telecommunications, access for the supply of services to the European Union has increased, offering more opportunities to Canadian businesses. The EU has committed to binding its internal liberalization process, which means that as of January 1, 1998, the EU basic telecommunications market will be essentially fully open to foreign suppliers. Certain restrictions will remain in some of the smaller EU markets. Canada will closely monitor the EU countries' implementation of their WTO commitments, especially as they relate to the privatisation of telecommunications monopolies.

#### ***Intellectual Property***

##### ***Reciprocal Protection of Names***

Canada has long sought protection under EU legislation for the appellation (product indication) "Canadian whisky", similar to the recognition and protection granted in Canada to the EU origin spirits