

The EC may adopt standards of labelling and health and sanitary requirements which differ from accepted international practice. This should be monitored not only through the EC bodies drafting regulations, but also as part of the Uruguay Round of negotiations.

#### Veterinary and Plant Health Standards

In the area of health regulations, of concern are measures governing trade in livestock and fresh meat. Clarification of the directives concerning EC standards on slaughterhouses and the storage and transportation of fresh meat is still required. For live animals, measures to eradicate contagious diseases such as swine fever, tuberculosis, brucellosis and leukosis have been identified as a central priority and this could result in increased competition both within the EC and in third markets for Canadian exports.

Although not directly related to the 1992 program, the present problems faced by Canadian exporters of beef and various meat products to the Community illustrate how the adoption of common health and sanitary policies can adversely affect Canada. The sources of the current problems are the regulation banning the use of growth hormones in livestock feeding and the third country directive specifying details for slaughtering and meat processing facilities.

The hormones issue is a good example of how EC standards, which are more stringent than Canadian practices, could undermine our competitive position in third country markets. Countries which are net meat importers have nothing to lose by insisting on the EC's hormone-free certification, especially if there is an expressed consumer preference. Scientific justification becomes a secondary consideration.

In relation to regulations concerning breeding livestock, commercial interest in a two-way flow of both livestock and animal genetic material (e.g., semen and embryos) ensures that both sides will have an incentive to keep barriers to a minimum. Progress in relation to the elimination of specific diseases may be required to meet the new EC requirements for semen imports. The EC initiative to focus inspection on shipping points is a positive one which should not create problems for Canadian exporters.

The long standing difficulties in maintaining access for exports of seed potatoes provides an example of potential difficulties in relation to harmonized plant health regulations. At present, it is uncertain whether the current system of derogations from EC standards for products needed by certain Member States will continue to operate. If derogations are no longer permitted, this would have an adverse impact on certain Canadian exports such as seed potatoes and soybean seed.