

### Genetically Modified Canola

The EU has yet to approve all of Canada's genetically modified (GM) canolas currently in production, and thus Canada is unable to export canola to the EU. Canada's position is that there are no health, food safety or environmental reasons why the GM canolas should not be approved for the EU market. This has been confirmed by favourable European Commission scientific reports.

As Canada's largest export markets for canola (Japan, the United States and Mexico) have accepted the varieties under cultivation in Canada, the Canadian canola industry decided in 1997 that it was no longer economically justifiable to segregate production. GM canolas with herbicide-resistant traits registered for commercial production in Canada have undergone safety assessments and have been determined to be substantially equivalent to traditional canola. In 1998, some 50 percent of Canadian canola acreage was seeded to canolas with novel traits.

Canadian canola exports to the EU peaked in 1994 at \$425 million. In 1998, in Canada's absence as a supplier, the United States exported non-GM canola to the European Union.

This matter has been raised with the EU by the Prime Minister and Ministers of Agriculture and Agri-Food Canada and International Trade. Canada will continue to take every opportunity to press for access for GM canola exports.

### Chrysotile Asbestos

In 1997, Canada exported a total of approximately \$16 million in chrysotile asbestos and chrysotile asbestos-containing products to the EU, down from a total of approximately \$50 million in 1993.

Austria, Luxembourg, Sweden, Italy, the Netherlands, Finland, Germany, France and Belgium have severely restricted or banned the use of chrysotile asbestos, which is largely imported, in favour of domestically made substitutes. It is expected that the European Commission will announce a ban on the import, production and use of all asbestos products throughout the EU as early as 1999.

The Canadian Government, in partnership with Quebec, the industry, the unions as well as the affected communities, seeks to maintain market access for asbestos products. Prime Minister Chrétien has raised

this issue with his counterparts from the United Kingdom, France and the European Communities. Senior Canadian officials have also discussed measures affecting chrysotile asbestos on a number of occasions with their European counterparts.

Canada considers that the bans imposed by many European countries cannot be justified by scientific risk assessments, and that these bans are not proportional to the risks presented by chrysotile asbestos in specified applications. (Indeed, a peer review of a technical paper that had been commissioned by the European Commission questions the growing use of asbestos bans in Europe as a means of protecting public health). In Canada's view, the scientific evidence favours a controlled-use approach to chrysotile asbestos. The Government has consequently pursued every opportunity to persuade the EU and individual Member States to maintain responsible-use policies instead of imposing bans.

Canada has requested the World Trade Organization to convene a dispute settlement panel to resolve this ongoing dispute with France over market access for chrysotile asbestos. Brazil and the United States have reserved their third party rights in this issue.

### Eco-Labeling

The European Commission has an eco-labelling scheme called the "Flower Program". Products covered include a number of paper products (e.g., sanitary papers). The criteria used for the program largely reflect European domestic environmental requirements, values and European-based performance measures. Canada has been excluded from the process of setting criteria and is concerned that the EU eco-label scheme has not been developed in a transparent manner and discriminates in favour of EU producers.

At the December 1996 WTO Ministerial Conference in Singapore, Ministers stressed the importance of WTO Members following the provisions of the Code of Good Practice of the WTO's Agreement on Technical Barriers to Trade in their eco-labelling programs, particularly those with respect to transparency and ensuring fair access of foreign producers to ecolabelling schemes/programs. Canada will pursue this matter, both on systemic grounds in the WTO, as well as considering other options to address the legitimate concerns of Canadian industry.