

Ministry of Labour from private sector employers of such employees. These restrictions continue to create a significant disincentive for foreign companies that want to send qualified expatriate staff to Iran.

ARABIAN PENINSULA

Six of the seven Gulf countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) are members of the Gulf Cooperation Council (GCC), which is mandated to strengthen relations and foster economic integration between those countries. The GCC implemented a customs union early in 2003, setting a harmonized GCC-wide tariff of 5%. The group recently approved the establishment of a customs information centre in Riyadh, Saudi Arabia, to link the customs departments of the GCC states. There are also plans to move toward monetary union by 2010. In December 2003, the GCC endorsed a Unified Law for the Prevention of Dumping, with mandatory enforcement from the beginning of 2004. It also ratified the founding charter for the Metrology Organization in Riyadh, with a view to unifying standards and measures in the member states and to ensuring the safety and quality of goods entering the markets of the GCC.

The GCC has confirmed its commitment to signing free trade agreements with other economic blocs, and discussions are well under way with the European Union, the United States and Australia. In the case of the European Union, discussions are quite advanced. Canada's merchandise exports to the region increased in 2004 to \$1.3 billion, up from \$997 million in 2003.

Saudi Arabia

Saudi Arabia is Canada's largest merchandise export market in the Middle East and North Africa region, with two-way trade reaching \$1.8 billion in 2004. Saudi Arabia recently renewed its commitment to completing its accession to the World Trade Organization and hopes to accede in 2005. In this context, Canada and Saudi Arabia have completed their bilateral market access agreement. In addition to securing market access improvements, Canada will

seek to ensure in the working party negotiations that Saudi Arabia fully implements its obligations under all WTO agreements on accession.

Market Access Results in 2004

- In July 2004, Canada successfully negotiated the removal of a ban on the export of bovine semen to Saudi Arabia, allowing Canada to resume exports to the kingdom.
- On January 9, 2005, Saudi Arabia removed its avian influenza restrictions against Canada.

Canada's Market Access Priorities for 2005

- Continue representations aimed at removing Saudi Arabia's remaining BSE measures on imports from Canada, in particular on live cattle and bovine embryos.

IMPROVING ACCESS FOR TRADE IN GOODS AND SERVICES

Bovine Spongiform Encephalopathy

Following Canada's May 20, 2003, announcement of a BSE case, Saudi Arabia did not initially announce any new restrictions on imports of Canadian cattle, beef or their products. While many markets initially banned Canadian beef, Canada was successful in maintaining its significant beef (veal) exports to Saudi Arabia. Canadian officials continue to engage in discussions with their Saudi counterparts in an effort to remove the remaining restrictions on the import of other Canadian products (i.e. live animals). Canada has kept all its trading partners, including Saudi Arabia, fully informed of the results of its investigations and regulatory response, and it is requesting a resumption of trade on scientific grounds. (For further information, see the BSE overview in Chapter 2.)

Avian Influenza

On March 13, 2004, Saudi Arabia imposed measures against imports of poultry products from Canada due to avian influenza. On January 9, 2005, Saudi Arabia removed its avian influenza restrictions against Canada. (For further information, see the avian influenza overview in Chapter 2.)