

2. Enlargement of the European Union (agricultural)

As compensation for the recent expansion of the EU and for barley rights stemming from earlier expansions, the EU will:

- eliminate duties on canary seed;
- provide a duty-free quota of 50 000 tonnes for durum wheat;
- open a tariff-free quota of 10 000 tonnes for worked oats, which are primarily used as feed for racehorses;
- improve access for Canada under the EU pork import quota; and
- maintain an import quota of at least 75 600 tonnes for pork on final implementation of the Uruguay Round tariff reductions.

3. EU grain import regulations

Under new EU grain import regulations, duties are based on import prices set by the EU rather than on the actual purchase price for imported grains. The price levels set by the EU will often lead to higher rates than if the duties are based on actual import prices.

The Canada-EU agreement provides that:

- the EU will modify its cereal grain import regulations for January 1-June 30, 1996, raising the rebate on duties on high-quality wheat and lowering the quality threshold for durum wheat. That will improve access to European markets for Canadian exporters;
- Canada and the EU will consult in early 1996 on longer-term changes to the EU import requirements for cereal grains; and
- Canada will not proceed with its case against the EU before a World Trade Organization (WTO) panel. Consultations will be held in the first quarter of 1996 to deal with long-term issues on access to the EU market. Canada retains its right to relaunch a WTO panel.

4. Cheese

The agreement provides that:

- Canada will increase its import reserve for EU cheese to 66 per cent of the global quota from 60 per cent. The increase for EU cheese in the Canadian market is in line with the recent EU enlargement; and