

Nevertheless, there are a number of outstanding issues, which Canada will continue to address in Russia's WTO negotiations in 2004. These include:

- recently introduced trade-restricting measures on Russian imports of beef, pork and poultry;
- the transparency and predictability of sanitary and phytosanitary measures applied by Russia to imports of food;
- the level of trade-distorting agricultural subsidies that Russia will be able to apply in the future;
- tariffs on a limited number of industrial and agricultural goods of interest to Canada, such as oil and gas equipment, agricultural and agri-food products, fish and fish products, vehicles, aircraft and aircraft parts, and telecommunications equipment;
- Russian standards and technical regulations applied to imports;
- market access for foreign services providers, particularly in the areas of telecommunications, banking, insurance, construction, environment, transport, natural resources and professional services;
- protection of intellectual property rights, in particular enforcement of existing laws and regulations;
- trade-distorting effects of below-market energy prices, especially as they benefit Russian fertilizer manufacturers; and
- the transparency and predictability of Russian customs procedures.

Tariff Rate Quotas on Meat Products

Canada objected to the introduction in April 2003 of tariff rate quotas on meat products. These measures have significantly reduced trade between Canada and Russia. In November 2003, the Russian government announced the maintenance and extension of such measures on pork, beef and poultry for the 2004 calendar year. Through bilateral and multilateral negotiations, Canada will continue to seek improvements and the eventual removal of such trade-restricting measures. Shipments of pork and poultry, both among Canada's top five exports to Russia in 2002, fell by more than 45% in 2003.

Bovine Spongiform Encephalopathy

Following Canada's May 20, 2003, announcement of a BSE case, Russia issued temporary restrictions on the import of Canadian live cattle, embryos, beef, and beef products derived from bovine, as well as feed and feed additives that contain processed animal protein. Canada has kept all its trading partners, including Russia, 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.) Russia announced its intention to resume trade in beef in August; however, we have not been able to reach a final agreement. Canada was pleased to hear from Russian authorities regarding the resumption of trade in bovine embryos in August and bovine semen in December. We are now pressing for access for beef and live cattle.

Application of the Canada-Russia Agreement on Trade and Commerce Provisions

According to the Canada-Russia Agreement on Trade and Commerce of 1992, Canada is entitled to receive most-favoured-nation treatment with respect to trade in goods and services. Canada is discussing with Russia the consistency of this provision in view of advantages accorded to goods imported from third countries but not to Canadian goods. Specifically, Russia offers duty-free access for space technology products from some trading partners but not from Canada.

Next Session of the Intergovernmental Economic Commission

The Canada-Russia Intergovernmental Economic Commission (IEC) was established in 1994 through the Canada-Russia Agreement on Economic Cooperation. The IEC provides a forum for Canadian companies to meet Russian businesses and officials, highlight opportunities, strengthen bilateral trade relations and raise market access problems. The most recent IEC meeting was held in Ottawa in 2001, and the next one will likely be held in 2004 in Moscow.