

Work is well under way on two other key elements of the Action Plan — a joint trade study on ways to facilitate trade by identifying barriers in specific sectors and recommending ways to remove them. The study also deals with the development of business-to-business contacts, including some specific initiatives for SMEs. Terms of reference for the study have been agreed with the EU and the initial preparatory work has been completed. A draft of the joint trade study will be tabled at the next Canada-EU Summit in May 1998. Recent proposals from the European Commission to extend the transatlantic trade relationship with the United States point to the importance of pursuing the full potential of the Action Plan. Canada is working to trilateralize any EU-US trade initiatives to ensure that Canadian trade and investment ties with the EU are further strengthened and that such initiatives act as a catalyst for broader, multilateral trade liberalization.

In addition, Statistics Canada and Eurostat have begun work on a project that will help to remove discrepancies between Canadian and European trade data.

The process of EU monetary integration and membership enlargement gained momentum during 1997. It is expected that formal negotiations will be launched shortly on the entry into the EU of Slovenia, Poland, Estonia, Hungary and the Czech Republic. Membership for Cyprus is proceeding on a separate, but parallel, track. The final stage of monetary union — the introduction of the Euro and the transfer of the conduct of monetary policy to the European System of Central Banks — is scheduled to begin in January 1999.

Canada is closely examining the expected impact on Canadian trade and investment of these developments, as well as monitoring plans for reform of the Common Agriculture Policy, which is included under European Commission President Santer's Agenda 2000 initiative.

Market-opening Results in 1997

In 1997, the market-opening results were as follows:

- Canada and the EU signed an Agreement on Customs Co-operation and Mutual Assistance, which will facilitate trade through simplification and harmonization of customs procedures, and will enhance the capacity to deal with violations of customs laws.
- Signing of the Canada-EU Agreement on Humane Trapping Standards restored secure access to the European market for Canadian fur products. This will contribute to increased employment opportunities in many remote northern regions, notably aboriginal communities.
- Conclusion of the Canada-EU MRA on conformity assessment for regulated products in December 1997 will reduce costs and facilitate market access in Europe for Canadian producers of telecommunications terminal equipment, IT equipment, electrical equipment, medical devices, pharmaceuticals and recreational boats.
- Canada and the EU have concluded negotiations on an agreement on equivalency of health requirements applicable to trade in animals and animal products, which will improve access to Europe for Canadian exports in this sector.

Canada's Market Access Priorities for 1998

International regulation of trade in goods and services between Canada and the EU is based on WTO rules. Canadian exporters to the EU continued to benefit during 1997 from improved access provided by the ongoing implementation of the WTO agreements. As noted above, Canada and the EU have also negotiated several bilateral agreements going beyond the WTO. However, there remains a range of barriers to trade in the EU of concern to Canada, particularly in the primary sectors. Work on the priority issues, including access for cereals, approval of genetically enhanced canola, restrictions on tallow, eco-labelling, wine-making standards and appellations, tariffs on fish, imports of furs, the banning of asbestos, untreated softwood lumber, beef hormones and a veterinary equivalency agreement, is outlined below.

IMPROVING ACCESS FOR TRADE IN GOODS

Agriculture

Protection for agricultural producers under the EU's Common Agricultural Policy (CAP) remains a key concern for Canada, since it both restricts access to the EU market for Canadian agricultural products and distorts third-country markets through EU subsidization of the production and export of grains. The accession of five Central and Eastern European