



Canada's Market Access Priorities

Regulation of trade in goods and services between Canada and the EU is based essentially on WTO rules. The Uruguay Round negotiations resulted in improved access for Canada to EU markets. Gains included the elimination of variable import levies on agricultural products, tariff cuts, elimination of some non-tariff barriers (NTBs), and reduction of EU preferential margins in favour of third countries, notably former European Free Trade Association member states and Central and East European countries. Further liberalization of interest to Canada will result from the Information Technology Agreement to eliminate tariffs on a broad range of telecommunications and computer equipment. Canada will pursue its interests in the area of financial services in the context of the GATS financial services negotiations.

There remain, however, areas where Canada seeks improvements in access to the EU market — either as part of sectoral global free trade initiatives such as elimination of tariffs on non-ferrous metals, paper, wood products, fish and fish products, and some chemicals — or EU-specific objectives, including those in agricultural products, value-added food products (including sugar-containing foodstuffs), wood door frames and joinery. In this regard, Canada will continue to support industry-led efforts to seek a reduction in the high (6%) tariff that the EU applies to Canadian aluminum and aluminum alloys.

Improving Access for Trade in Goods

Agriculture

The EU's Common Agricultural Policy has long been of concern to Canada, since it both restricts access to EU markets for Canadian agricultural products, and has disruptive effects on markets in third countries, in particular through subsidized production and subsidized exports of grains.

Cereals Import Regime

As part of the WTO *Agreement on Agriculture*, the EU agreed to assess duties on imported grains such that the duty-paid import price would not exceed the EU intervention price increased by 55%. Rather than determining the duties payable on cereals on a transaction or shipment-by-shipment basis, the EU has devised a system of representative prices based on

U.S. grades and prices that are adjusted to a landed EU-basis. Canada objects to the use of representative prices, which expose Canadian grains to duties in excess of the EU's WTO commitment. Canada continues to seek changes to the regime that would provide equivalent effect to a transaction price-based system.

Administration of Tariff Rate Quotas for Wheat and Durum

Canada was intended to be the principal beneficiary of an annual duty-free quota of 300 000 tonnes of high quality milling wheat and durum. Canada's share of the quota, the ratio of durum to wheat within the quota, and the administration of the tariff rate quota are matters Canada will continue to raise with the EU.

Wines and Spirits

Canada seeks assured access for its exports of quality wines. Achieving this objective requires EU acceptance of the equivalency of Canadian wine-making practices, and recognition of Canadian grape-growing regions and grape varieties. This issue is under discussion with the EU (see section on intellectual property below).

Fish

Reference prices for fish are applied under the Common Fisheries Policy. While the EU has made sparing use of duties for non-compliance in this sector, the reference price system has a negative effect on the development of the EU market for Canadian fish exports. In the case of herring, tuna and cod, imports must conform to the reference price if they are to qualify for reduced tariffs within specific quotas.

Technical Barriers

An essential part of the EU single market program is the elimination of technical barriers to internal trade through mutual recognition of voluntary national standards, testing and certification as well as the legislation of Union-wide directives on essential technical requirements. The directives cover a wide range of products including construction products, toys, machinery, electrical goods, telecommunication terminal equipment and medical devices. Compliance with EU technical directives, member state enacting legislation or voluntary standards would allow producers to affix the "CE" mark to their product.