

Backgrounder

CANADA-EUROPEAN UNION AGREEMENT

Canada and the European Union (EU) have reached agreement on a broad range of outstanding trade issues. Many of these are agricultural matters and include problems Canada has had with the new EU grain import regulations, outstanding rights on barley access resulting from earlier expansions of the EU, and other issues. As well, the agreement provides compensation owed to Canada from the recent expansion of the EU to include Sweden, Austria and Finland. This expansion led to higher tariffs on Canadian exports to those countries of a number of products including fish and seafood, aluminum, wood and snowmobiles. Details of the agreement follow.

1. Enlargement of the European Union (non-agricultural)

Among other things, the agreement provides for elimination of some tariffs and for acceleration of tariff reductions agreed to by the EU in the recent Uruguay Round negotiations. Earlier this year, the EU agreed to speed up reduction of newsprint tariffs as partial compensation. As further compensation for enlarging the community, the EU will:

- accelerate elimination of tariffs on certain paper of particular interest to Canada. This would give Canadian paper exporters duty-free access to the European market in 2000, four years earlier than originally planned under the Uruguay Round, with significant tariff reductions starting next month;
- eliminate the tariff on boiled and peeled shrimp within an annual quota of 500 tonnes;
- reduce the tariff of 8 per cent on whole frozen lobsters to 6 per cent;
- lower tariffs on other fish products including cooked lobster flesh, whitefish, hard and soft roes, fish meal and frozen freshwater crayfish;
- reduce the tariff on snowmobiles to 5 per cent from 10 per cent;
- eliminate duties on ice skates, pig iron and snowgroomers; and
- speed up Uruguay Round tariff reductions on lead, zinc and chainsaw blades.