

BSE

Following Canada's announcement of its first bovine spongiform encephalopathy (BSE) case in Alberta on May 20, 2003, most of our trading partners banned imports of Canadian cattle, beef and related products. Since then, BSE has been one of Canada's major trade priorities globally. Canada welcomes the reopening of a growing number of markets to Canadian cattle and beef, based on science. These include:

- The United States (access for cattle under 30 months for slaughter, beef from animals under 30 months, and other products);
- Mexico (access for beef from animals under 30 months);
- Honduras and Guatemala (access for boneless beef from animals under 30 months);
- Cuba (access for all beef and cattle);
- Antigua and Barbuda, Barbados, Bermuda, Cayman Islands, Jamaica, Saint Kitts and Nevis, Trinidad and Tobago (full or partial access for beef);
- Japan (access for boneless and bone-in beef from cattle 20 months and under); Macau (access for all beef); and Hong Kong, the Philippines and Vietnam (access for boneless beef under 30 months);
- New Zealand (access for all beef);
- Bahrain, Egypt, Lebanon and the United Arab Emirates (full or partial access for beef); and Lebanon, Morocco and Tunisia (access for all or some live animals); and
- Ukraine (access for breeding cattle).

Canada remains actively engaged with all trading partners with a view to full resumption of trade and anticipates a large number of further market openings in the near future.

Canada is urging all trading partners to abide by standards established by the World Organisation for Animal Health (OIE). The OIE is the relevant international standards-setting organization for animal health referenced in the WTO Agreement on Sanitary and Phytosanitary Measures. At its May 2005 meeting in Paris, the OIE announced new guidelines for BSE that reflect the most current internationally accepted scientific information on the disease. As part of the

new guidelines, boneless beef from animals under 30 months is now included in the OIE list of commodities that should be eligible for safe trade, whether or not the exporting country has confirmed cases of BSE. Moreover, science-based standards have been elaborated for safe trade in other commodities including bone-in beef and beef from animals over 30 months and live additions with additional certification guarantees in recognition of the effectiveness of control measures in place, which Canada is able to meet. Canada is urging all its trading partners to resume trade based on science and the OIE standards.

IMPROVING ACCESS FOR TRADE IN SERVICES

The past decades have seen a broad structural shift toward services in the Canadian economy. Services have increased from just over half of Canada's GDP in 1961 to two thirds today. The percentage of workers employed in services is also on the rise. The sector currently employs about three Canadians in four, up from just over one in two in 1961. Moreover, between 1992 and 2002, the sector created about 80% of new jobs.

Services are, on balance, more knowledge-intensive than other sectors and therefore employ a far larger proportion of well-educated workers. Some of the best-paid jobs in Canada are in the services sector—in financial, legal, advertising, computer software and engineering services.

As a proportion of total trade, Canada's trade in services, at 14% in 2005, is less than the world average of 18.4%. In 2005, Canada exported \$63 billion in services, over half of which were commercial (business) services. Exports of commercial services grew by an annual 8.7% in the period from 1990 to 2005. Compared with Canada's trade in goods, our services trade is more diversified. Although the U.S. is the dominant trade destination, more than 45% of Canada's services exports go to Europe, Latin America and Asia. Services exports to emerging markets (such as China, India and Brazil) are also becoming increasingly important.

As a country with a strong interest in expanding services exports and investments, Canada relies on multilateral, legally enforceable rules on trade in services. These rules help ensure that Canadian exporters receive fair and equitable treatment in foreign markets. The ongoing