

Canada shares the Commission's commitment to the protection of health and the environment, it continues to question whether such product bans are proportionate to any attendant risks and is concerned that such measures may be more trade restrictive than necessary to achieve their intended objectives.

Canada is of the opinion that the phase-out and ban of these materials in electrical and electronic equipment may result in negative environmental impacts by forcing adoption of substitutes that could have a more detrimental environmental impact than the substances they replace. Moreover, the phase-out and ban measures will have significant adverse trade implications affecting the design, manufacture, production and distribution of all electrical and electronic equipment around the world. Inasmuch as the draft directives mandate the selective treatment of individually identified materials and components, this represents an infringement into the manufacturing/production cycle of resource recovery and, as such, is an overly and unnecessarily prescriptive approach.

The draft directives refer to a "producers' responsibility network", but it is not clear who will be responsible for the creation of the end-of-life collection, the take-back and dismantling schemes, or the recycling, reuse and recovery programs that the draft directives set out. Canada is concerned by its potential to create a closed market for raw material resources whose access is limited to those treatment facilities operating strictly within a closed "producers' network". The draft directives also appear to contain export restrictions which may be inconsistent with international trade rules.

Canada has repeatedly requested information from the European Commission about the scientific foundations that may justify the prohibitions contained in the draft directives. However, no information to date has been offered. In the absence of comprehensive and scientifically sound risk assessments, Canada considers that the Commission is acting prematurely. Some of the draft directives are now before committees of the European Parliament. As discussions are still taking place within the European Union on the substance and the implementation of these draft directives, Canada will continue to monitor them and convey its concerns to the Commission, the Parliament and the Member States at the various stages of the EU decision making process.

Eco-Labeling

The European Commission has an eco-labelling scheme called the "Flower Program". Items covered include a number of paper products (e.g. sanitary papers). The criteria used for the program largely reflect European domestic environmental requirements, values and European-based performance measures. Canada has been excluded from the process of setting criteria and is concerned that the Flower Program has not been developed in a transparent manner and discriminates in favour of EU producers.

Canada will closely follow EU developments in this field to ensure that the European Union adheres to the WTO Technical Barriers to Trade Agreement's Code of Good Practice in its eco-labelling programs, particularly provisions dealing with transparency and ensuring fair access of foreign producers to eco-labelling programs.

Forest Certification

There is an ongoing marketplace demand in Europe, especially within the United Kingdom, Germany and the Netherlands for forest products to carry some kind of assurance by virtue of being certified that the product has been manufactured using wood that comes from sustainably managed forests. While the demand for such evidence represents a level of scrutiny not applied to other raw materials used in competitive products, the Canadian industry is endeavouring to address this demand, in most instances using one or more of the four certification schemes currently available or under development in Canada.

Forest certification represents a major challenge given the magnitude, diversity and complexity of the Canadian forest and the need to ensure that forests are evaluated using criteria and indicators relevant to the forest area in question. It is worthy of note that some 90 percent of the Canadian forest is publicly owned and the industry currently operates within a highly regulated forest management environment that is based on sustainable development criteria and subject to ongoing improvement.

The Canadian concern, however, is that certification itself not be used as a market access barrier thereby placing Canadian product at a disadvantage in export markets. Barriers in the form of raw material