

Over the years, Canada has proposed alternative measures to control PWN, while allowing trade in untreated lumber. However, the EU has not accepted Canadian proposals for less trade-restrictive measures. At Canada's request, WTO consultations were held on July 15, 1998, but the issue remains unresolved. Government officials will work with industry and provincial representatives to assess next steps.

Beef Hormones

In 1989, the EU banned the use of growth-promoting hormones in livestock and imposed a ban on the importation of beef produced with growth-promoting hormones. Both Canada and the United States consistently opposed the ban on the grounds that it was not based on scientific evidence and was an unjustified barrier to trade. The safety of growth-promoting hormones has been endorsed by the Codex Alimentarius and by Canada's own scientific reviews.

After Canada and the United States referred the matter to the WTO, a panel concluded in August 1997 that the EU ban violated the SPS Agreement since it could not be justified by scientific evidence. The panel's conclusion was further confirmed by the WTO Appellate Body in January 1998. The EU was given until May 1999 to implement the reports, but it failed to do so.

In August 1999, because the EU was in breach of its WTO obligations, and given the absence of an acceptable offer of compensation, Canada imposed retaliatory tariffs on a list of imports from the EU, including beef, cucumbers, gherkins and pork. These measures will remain in effect until such time as the EU offers a satisfactory compensation package or until the ban is removed. Canada's objective remains open access to the EU market for Canadian beef.

Canada-EU Veterinary Agreement

On December 17, 1998, Canada and the EU signed a Veterinary Agreement governing trade in live animal products, fish and fish products. The agreement establishes a mechanism for achieving recognition of equivalent sanitary measures between Canada and the EU aimed at improving bilateral trade. A Joint Management Committee (JMC) has been established

to implement the agreement. A first meeting of the JMC was held in September 1999. The committee agreed to establish equivalent standards in appropriate areas, to build clear lines of communication in order to ensure early notification on food-safety issues and to bring labelling and food contaminants under the agreement. To ensure that each side meets the standards agreed under the auspices of the agreement, Canada and the EU will develop audit principles. Working groups were formed to advance each of these issues.

Seed Potatoes

A derogation from EU phytosanitary requirements is required for continued access to the EU for Canadian seed potatoes. The particular pests of concern are bacterial ring rot (BRR) and potato spindle tuber viroid (PSTV).

Traditionally, an annual derogation had been granted based on requirements that Canada conduct stringent laboratory testing and certification of disease-free zones in Prince Edward Island and New Brunswick for all exports to the European Union.

In September 1999, the EU Standing Plant Health Committee approved a three-year derogation for Canadian seed potatoes. Under this multi-year derogation, the shipping window will be increased in years two and three, from December 1 to March 31. Canada is now awaiting publication of the decision in EU legislation and subsequent adoption by Italy, Portugal and Greece into their national legislation.

Specified Risk Materials (SRM) Ban

In July 1997, the EU proposed a ban on the use of specified risk materials (SRMs) as a bovine spongiform encephalopathy (BSE)-related measure. The ban was originally intended to cover products of animal origin intended for food, feed and fertilizer, as well as cosmetics, pharmaceuticals and industrial products, and would have applied to the manufacture of tallow and its derivatives.

In November 1998, the Commission released a draft of its new SRM proposal that categorizes countries on the basis of BSE risk. Canada has submitted information to the EU to substantiate our claim to be free of BSE.