

G/SPS/R/36

4 May 2005

(05-1847)

Committee on Sanitary and Phytosanitary Measures

SUMMARY OF THE MEETING HELD ON 9-10 MARCH 2005

Greece 's inspection and testing procedures for imported wheat

33. The representative of Canada emphasized his country's concerns regarding Greece 's new inspection and testing requirements for imports of grains from third countries. These were introduced in August 2004 and exceeded existing EC requirements by requiring the testing of 100% of shipments. Greece had provided no scientific rationale to justify the introduction of these measures and Canada considered the Greek measures to be inconsistent with the SPS Agreement. These measures had already created significant costs and long delays for imports of Canadian wheat, thus jeopardizing Canada's access to the Greek market. Canada's concerns had already been, unsuccessfully, expressed on numerous occasions to both Greek and EC officials, including at technical level, and he urged Greece to review these requirements without further delay.

34. The representative of the European Communities stated that the Commission had been in extensive bilateral contacts with both Canadian and Greek authorities in an effort to find a solution. Greece was in the process of adjusting three major aspects of the ministerial decision with the aim of bringing its measure into full compliance with the SPS Agreement. In particular, Greek authorities were considering the repeal of the provisions establishing additional quality criteria, the re-establishment of the normal EC requirements with regards to testing, sampling and inspection procedures and the removing of any provisions that might be viewed as discriminatory against imported products.



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Opening Doors to the World

Canada's International Market Access Priorities 2005

Opening Doors to Europe

European Union

Overview

Canada and Europe have long-standing commercial links, and the European Union (EU) is a key trade and investment partner. Canada was the first country to sign a cooperation agreement (the Framework Agreement) with the EU in 1976. Building on this, the 1996 Joint Political Declaration on Canada-EU Relations and the Canada-EU Action Plan (www.international.gc.ca/english/geo/europe/eu/action-e.htm) set goals for broadening bilateral relations, not only in the trade and economic areas, but also on a broad range of foreign and domestic policy issues as well. Both parties conducted a comprehensive review of their relationship in 2003. Canada also works closely with the European Union on the promotion of the multilateral trading system, and the parties are now starting the negotiation of a bilateral trade and investment enhancement agreement.

The European Union is the world's second largest single market, having surpassed the United States in population and in exports but trailing it in gross domestic product. Its population was 380 million on January 1, 2003, and its share of the world's aggregate GDP in 2003 was 28.8%, compared with 29.9% for the United States and 2.3% for Canada. In May 2004, 10 central and southern countries joined the EU, increasing its population to over 450 million.

As a group, the current 25 EU member states continue to rank as Canada's second most important trading partner. They represent the largest source of foreign direct investment into Canada, as well as the largest destination for Canadian direct investment abroad, after the United States. The total trade between Canada and the EU in 2004 was \$87 billion. Canadian investment flows to the EU amounted \$4.8 billion in 2004 while inward flows from the EU fell by \$12.7 billion. Increasingly, Canadian and EU firms rely less on selling to each market and more on establishing a presence in each market.

Total Canadian merchandise exports to the European Union amounted to \$22.6 billion in 2004, accounting for 5.5% of Canada's global exports and 35% of Canada's non-U.S. exports. Canada's main exports are precious stones, machinery, and aircrafts. The European Union represents approximately 18% of Canadian services exports. Although the United States absorbed 88% of the growth in Canada's global exports from 1993 to 2004, the European Union accounted for 40% of the growth in non-U.S. exports (or about 5% of the total).

In 2004, Canadian merchandise imports from the EU grew at a faster pace than exports (8.9% compared to 6.2%). Merchandise imports from the EU reached \$42 billion in 2004, with the main imports being machinery, petroleum products, pharmaceuticals, vehicles, and aircraft. As a result,

Kiln-dried Heat-treated Lumber Paperless Certification

In 2000-2001, Canada developed and sought EU approval of an innovative paperless certification program to streamline paperwork requirements for exports of kiln-dried lumber that has been heat-treated (KD-HT) as part of the kiln-drying process. During the September 2002 EU visit, significant progress was made on the KD-HT paperless certification file, and discussions continued throughout 2003. The EU's plant health committee unanimously approved Canada's KD-HT paperless certification proposal in November 2003, with a 17-month trial period beginning on February 1, 2004. Details of the program are still under discussion.

Seed Potatoes

A derogation from EU phytosanitary requirements is required for continued access to the European Union for Canadian seed potatoes. The particular pests of concern are bacterial ring rot and potato spindle tuber viroid. Typically, an annual derogation has been granted based on the requirement 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. Historically, Italy and Portugal are the only member states that take advantage of the derogation.

In December 2002, the EU approved another three-year derogation for seed potatoes from New Brunswick and Prince Edward Island. Canada has conveyed its strong interest in the issue and has presented information to the EU in order to expand the derogation to all potato-growing regions of Canada. Canada will continue to work with the EU to meet this objective.

Export of Cereals to Greece

On August 25, 2004, Greece introduced Decision 552/2004, establishing new inspection and testing procedures for imported cereals from non-EU members, including Canada. These new procedures are onerous, costly and time-consuming and threaten Canadian wheat exports to Greece, Canada's top export to the country.

Canada considers that this decision is inconsistent with WTO obligations, and it has informed both Greece and the EC of this view at senior levels. These procedures are also contrary to a December 2002 agreement between Canada and the EC that established the inspection practices for shipments of Canadian wheat.

Greek officials have provided no evidence of any concern over the safety of cereals from Canada or any other third country. Rather, senior Greek officials have stated publicly that these measures are designed to hinder imports of wheat in order to protect domestic producers.

The EU agrees with Canada that these measures are unacceptable, and it is currently exploring all available options to remedy this situation. As Greek authorities have given no indication that they will remove these measures, Canada will continue to actively protect the interests of our exporters and to insist on adherence to international agreements.

Other Issues

Government Procurement

Canadian suppliers do not have full access to EU public procurement opportunities in a number of sectors, including telecommunications equipment and services, transportation equipment and electric utilities. Particular barriers that restrict access include standards, certification, qualification and local-content requirements. Canada is addressing these issues with the EU in the WTO Committee on