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GENERAL FEATURES OF TRADE POLICY

OVERVIEW

In 2003 Canada's population amounted to 31,6 million and its Gross Domestic Product (GDP) reached an amount equal to 760 billion € (per capita 24 045 €), which represents 2.11% of the world total.

The primary source of Canadian GDP growth is export to its southern neighbour: In 2003, the US was the destination of 79.7% of total Canadian exports (80.8% in 2002), and the source of 68.4% of total Canadian imports (69.9% in 2002). NAFTA, comprising Canada, the US and Mexico, in force since 1994, has acted to accelerate the growth of trade between the three parties.

As part of its outward-oriented trade and investment strategy, Canada is pursuing reform on an autonomous basis, notably lowering inter-provincial barriers to trade. In addition to its support of the multilateral trading system and regional integration (negotiation of the Free Trade Area of the Americas, FTAA), Canada has concluded FTAs with Chile, Costa Rica and Israel and is negotiating with other Central American countries (El Salvador, Guatemala, Honduras and Nicaragua), Singapore and EFTA countries. It is also actively participating in broader schemes such as APEC.

As a federal State, Canada's Constitution provides for a considerable division of powers between the federal government in Ottawa and the 10 provincial governments and 3 territories. In fact, the provinces have relatively greater jurisdiction, in more areas, than do the US states. This has led to significant barriers to inter-provincial trade and investment (with indirect effects on international trade), particularly in such areas as standards and government procurement. The Agreement on Internal Trade (AIT), which came into effect in 1995, aims at reducing and eliminating those barriers.

CANADA EU trade relations

Canada and the EU share a common outlook and philosophy with regard to international trade and a common commitment to strengthening the multilateral trading system. Economic relations between the EU and Canada are characterised by strong two-way **trade and investment** flows. Canada is the 12th major trade partner of the EU-15 and the fourth major investor in the EU, after the US, Switzerland and Japan. The EU is Canada's second trade partner and its second major investor after the US.

In 2003 EU merchandise exports to Canada were 20.984 million €, while EU imports were 15.230 million €. In 2002, imports and exports of services from/to Canada were 6.948 and 7.695 million € respectively. Foreign Direct Investment inflows from/outflows to Canada accounted for 2.956 million € and 5.950 respectively.

Background

Bilateral relations between Canada and the European Union are managed on the basis of the 1976 Framework Agreement for Commercial and Economic Co-operation. In addition, Canada and the EU signed in December 1996 a Joint Political Declaration and its Action Plan to, among other things, expand trade and investment relations, increase joint action on foreign policy and security, and enhance co-operation on global issues.

The 1976 Framework Agreement was the EC's first framework co-operation agreement with an industrialised country. It provides for closer business and commercial links and encourages exchanges and joint undertakings between industries and companies. Under its auspices, co-operation and policy consultation have developed in a number of fields such as environment, telecommunications and the information society. It has also facilitated efforts by both sides to manage and resolve trade and investment disputes, and encouraged their joint contributions to multilateral trade liberalisation.

The 1996 Joint Political Declaration on Canada-EU Relations and its Joint Action Plan, both adopted on 17 December at an EU-Canada Summit meeting in Ottawa, set goals for broadening Canada-EU relations not only in the trade and economic areas, but on a broad range of foreign and domestic policy issues as well. On the economic front, both sides commit themselves to strengthening the multilateral trading system and to facilitating their bilateral trade and investment flows.

The 1998 EU-Canada Trade Initiative (ECTI)

At the EU-Canada Summit in December 1998, both sides agreed to develop the trade chapter of the EU-Canada Action Plan by launching the EU-Canada Trade Initiative (ECTI) as an effective instrument in facilitating trade and reducing or eliminating trade barriers. This initiative calls for enhanced cooperation at multilateral and bilateral level, including areas such as mutual recognition, equivalence and regulatory cooperation; services; government procurement; intellectual property; competition issues or business-to-business contacts.

The Canada-Europe Round Table for Business (CERT)

The Canada-Europe Roundtable (CERT) was established in January 1999 in Brussels under the auspices of the American-European Community Association (AECA) and in the framework of the business co-operation promoted by ECTI.

CERT, a business-driven organisation, aims at becoming the forum through which Canadian and European businesses can advise and engage in dialogue with the Canadian government and the EU, on bilateral and multilateral trade and investment issues. Its members are major Canadian and EU companies' chief executive officers.

CERT foresees the organisation of working modules, an annual CEO roundtable and an annual symposium on a theme of general interest. CERT also meets with Canadian and EU Leaders in the margins of the EU-Canada summits. The III Annual CEO Roundtable held on 21 November 2003 in Toronto under the title "Investment and Information: Managing Transatlantic Business Expansion" focused on how to better integrate transatlantic capital markets, establish more predictable rules for merger and acquisitions and prevent the rise of regulatory barriers to trade and investment. For further information about CERT's membership and activities visit the [CERT website](#).

THE EU-Canada Trade and Investment Enhancement Agreement (TIEA)

At the EU-Canada summit held in Ottawa in December 2002, the EU and Canada agreed to further strengthening and deepening the EU-Canada relationship [see Joint Communiqué EU - Canada summit December 2002]. On the trade and investment front, the EU and Canada agreed to work on the design of a new bilateral Trade and Investment Enhancement Agreement (TIEA), which, in combination with the anticipated results of the WTO Doha Development Agenda Round, would further strengthen the bilateral trade and investment relationship and respond to the challenges and opportunities of the 21st century.

At the summit held on 18 March 2004, the EU and Canada adopted the Framework of the TIEA, which identifies the areas to be covered by the future negotiations, as well as the broad objectives sought for each of those areas. EU and Canadian leaders also agreed to launch negotiations during 2004 as soon as their respective internal procedures allow.

A key element of the TIEA will be co-operation between EU and Canadian regulators, which will be developed on the basis of a voluntary Framework for regulatory co-operation being currently prepared by the European Commission and the Canadian Government. In addition, bilateral negotiations will address issues such as mutual recognition of professional qualifications, e-commerce, financial services, government procurement, trade facilitation, investment facilitation, intellectual property, sustainable development, science and technology cooperation and SMEs.

Sectoral Agreements

The *1997 Agreement on Customs Co-operation and Mutual Assistance* provides the basis for a closer working relationship between EU and Canadian customs administrators to combat fraud and to protect and promote legitimate trade.

The EU-Canada *Mutual Recognition Agreement (MRA)* was signed in May 1998 and entered into force on 1 November 1998. The 1998 MRA aims at facilitating bilateral trade by allowing each side to certify the conformity of products with the standards required by the other. The Agreement covers six sectors: telecommunications terminal equipment; electromagnetic compatibility; electrical safety; recreational craft; good manufacturing practices for pharmaceutical products and medical devices.

The EU-Canada *Veterinary Agreement*, signed at the EU-Canada Summit in Ottawa on 17 December 1998, aims at facilitating bilateral trade in live animals and animal products by establishing the framework for the recognition of equivalence of the sanitary measures applied by the two parties.

The *Competition Agreement* concluded on 16 June 1999, is designed to contribute to the effectiveness of the enforcement of EU and Canadian competition rules in cases of common interest and to help coping with the growing number of cases, which are being reviewed by both the European Commission and the Canadian Bureau of Competition Policy. It operates through a system of notification of respective cases under review.

A bilateral Agreement on Trade in Wine and Spirit Drinks was signed on 16 September 2003. Its entry into force is expected by the summer of 2004, once Canada has ratified the agreement. This agreement provides rules for the mutual recognition of oenological practices, the protection of geographical indications (GIs) (including the phase-out of the generic status of certain EU GIs under the Canadian legislation) and additional disciplines on the practices of the Canadian provincial monopolies (Liquor Boards).

Further information about the EU-Canada trade relations is available at Bilateral Trade Relations Section of the European Commission's DG Trade Website [the European Commission's DG Trade Website](#).

The following table is an overview of the tradeflow between the European Union and Canada

Section	Year	Import(Euro)	Export(Euro)
Animals & animal products	1996	223,029,340	73,717,040
	1997	234,518,050	84,093,650
	1998	247,164,900	95,805,410
	1999	277,609,440	115,119,940
	2000	293,710,270	141,901,100
	2001	321,554,260	145,235,610
	2002	284,449,340	133,779,540
	2003	267,969,150	154,994,860
	1996	720,039,610	129,426,160
	1997	778,394,470	150,676,190

Vegetable products	1998	737,202,680	178,394,420
	1999	649,915,460	167,457,490
	2000	832,301,180	194,138,150
	2001	809,109,480	203,716,440
	2002	664,265,200	215,140,570
	2003	836,183,410	220,178,110
Animal or vegetable fats	1996	37,486,440	41,612,520
	1997	49,874,480	32,300,320
	1998	40,759,260	32,678,330
	1999	31,375,280	20,164,280
	2000	30,137,300	45,073,480
	2001	31,172,850	36,423,480
	2002	23,425,920	56,795,630
	2003	23,046,140	47,280,500
Prepared foodstuffs	1996	222,967,680	504,443,620
	1997	266,114,770	621,070,970
	1998	304,088,710	704,497,170
	1999	307,099,500	782,234,930
	2000	312,610,930	962,884,760
	2001	288,801,690	1,021,885,490
	2002	241,170,770	1,085,651,590
	2003	221,541,820	1,036,785,170
Mineral products	1996	1,240,873,380	383,836,990
	1997	1,361,400,290	386,117,980
	1998	1,316,609,880	256,607,660
	1999	1,310,187,790	253,476,110
	2000	1,582,840,250	609,307,670
	2001	1,813,095,840	972,109,780
	2002	1,570,744,980	1,346,504,510
	2003	1,294,583,930	1,013,359,830
Chemical products	1996	337,289,060	1,115,357,660
	1997	360,029,460	1,392,753,510
	1998	412,328,220	1,687,965,070
	1999	491,844,190	1,914,510,410
	2000	495,315,150	2,289,249,880
	2001	554,548,480	3,036,978,820
	2002	575,481,520	3,156,305,800
	2003	867,362,230	3,539,417,630
Plastics & rubber	1996	149,045,210	291,868,420
	1997	178,362,170	335,707,320
	1998	183,278,160	343,349,300
	1999	197,235,670	398,599,500
	2000	278,271,560	483,476,800
	2001	240,967,440	512,881,930
	2002	235,447,430	549,914,250
	2003	224,259,580	517,279,620
Hides & skins	1996	35,446,970	96,330,320
	1997	42,505,830	118,139,830
	1998	51,974,810	127,064,270
	1999	35,739,660	126,220,670
	2000	43,791,650	195,131,550
	2001	49,242,960	211,719,450
	2002	50,869,700	189,538,160
	2003	55,311,310	167,617,290
Wood & wood products	1996	467,275,300	34,020,090
	1997	577,843,480	41,777,820
	1998	535,013,750	45,922,590
	1999	523,206,660	54,901,560
	2000	601,295,210	108,768,790
	2001	456,161,360	121,418,380
	2002	424,470,150	183,942,090

	2003	381,482,800	182,275,840
Wood pulp products	1996	1,833,233,830	312,595,780
	1997	1,826,984,660	374,669,200
	1998	1,720,566,530	447,689,400
	1999	1,810,692,450	484,380,980
	2000	2,548,238,710	584,230,890
	2001	2,140,666,200	520,751,320
	2002	1,739,171,010	563,533,700
	2003	1,543,551,010	526,483,760
Textiles & textile articles	1996	130,840,420	394,029,890
	1997	140,195,010	459,441,550
	1998	130,305,800	488,686,850
	1999	149,578,630	462,143,380
	2000	150,826,490	550,925,530
	2001	136,449,100	593,610,850
	2002	119,425,060	564,418,500
	2003	105,784,250	534,806,610
Footwear, headgear	1996	10,408,300	157,308,010
	1997	13,303,660	182,003,330
	1998	12,350,040	185,496,890
	1999	15,794,560	200,177,190
	2000	16,291,750	230,042,660
	2001	14,505,950	244,756,980
	2002	13,188,540	235,612,230
	2003	14,376,280	187,638,660
Articles of stone, plaster, cement, asbestos	1996	54,653,110	206,151,370
	1997	60,444,630	262,858,310
	1998	53,573,170	273,539,670
	1999	48,564,650	289,991,870
	2000	65,237,030	337,149,920
	2001	76,927,940	311,877,140
	2002	48,861,480	336,098,450
	2003	61,155,720	308,268,740
Pearls, (semi-)precious stones, metals	1996	423,593,470	68,535,760
	1997	284,666,650	83,448,170
	1998	365,409,990	97,202,970
	1999	474,087,790	116,483,700
	2000	740,568,060	155,040,520
	2001	920,041,260	157,385,150
	2002	516,617,830	188,776,110
	2003	1,512,306,600	158,168,210
Base metals & articles thereof	1996	846,489,260	798,289,140
	1997	926,061,220	950,320,990
	1998	780,862,890	970,370,630
	1999	624,977,300	1,010,694,820
	2000	793,119,270	1,325,146,610
	2001	802,716,610	1,074,511,200
	2002	806,929,150	1,134,069,850
	2003	796,409,140	1,044,200,810
Machinery & mechanical appliances	1996	1,851,943,170	2,426,943,830
	1997	2,100,075,830	3,214,329,400
	1998	2,237,545,190	3,409,407,720
	1999	2,335,141,140	4,209,992,890
	2000	4,332,900,480	4,963,474,450
	2001	3,604,790,310	4,802,155,030
	2002	2,674,629,320	4,628,822,550
	2003	2,504,659,890	4,828,935,280
Transportation equipment	1996	805,080,190	501,242,630
	1997	956,356,050	1,399,390,150
	1998	913,502,400	1,152,873,600
	1999	1,343,596,670	867,971,900

	2000	1,869,146,060	1,786,355,800
	2001	2,235,559,410	2,151,527,780
	2002	2,529,634,510	2,341,901,070
	2003	1,944,951,960	1,908,265,940
Instruments - measuring, musical	1996	237,786,770	346,677,220
	1997	279,774,520	427,899,470
	1998	333,081,190	456,698,030
	1999	380,580,810	584,146,210
	2000	674,925,160	782,806,300
	2001	615,378,350	903,209,190
	2002	464,649,020	884,645,270
	2003	474,631,080	799,622,210
Arms & ammunition	1996	6,913,010	4,312,270
	1997	10,431,190	8,810,190
	1998	14,456,830	15,936,880
	1999	7,841,960	55,427,750
	2000	29,398,120	8,993,720
	2001	13,037,690	8,486,550
	2002	10,802,580	61,078,680
	2003	10,743,530	16,482,820
Miscellaneous	1996	152,360,750	204,156,160
	1997	179,222,860	260,937,490
	1998	171,510,830	266,978,820
	1999	185,882,600	304,106,160
	2000	212,587,780	372,879,680
	2001	207,027,210	393,080,630
	2002	170,823,540	389,548,960
	2003	161,176,990	358,643,210
Works of art	1996	25,391,340	20,567,940
	1997	16,334,940	26,646,940
	1998	26,075,020	43,098,930
	1999	24,890,870	40,657,010
	2000	26,603,920	37,212,160
	2001	15,123,380	30,745,670
	2002	78,777,520	31,313,470
	2003	15,928,530	40,084,530
Other	1996	76,819,110	45,522,120
	1997	124,646,560	37,814,540
	1998	160,353,800	44,968,920
	1999	228,179,390	50,284,480
	2000	291,040,780	218,179,920
	2001	303,346,740	98,171,110
	2002	141,014,620	173,773,660
	2003	103,893,460	86,141,250

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TARIFFS AND DUTIES

Applied Tariff Levels

After seven years of progressive MFN tariff reductions, which followed the conclusion of the Uruguay Round, one half of Canada's MFN tariff schedule is duty-free. For some goods, such as pharmaceuticals and most toys, tariffs were eliminated in one step on 1 January 1995. For other sectors, there is a ten-year phase-in of tariff reductions. These sectors include paper and paper products and steel, and other sectors such as textiles and clothing.

The new Customs Tariff, which came into effect on January 1, 1998, introduced a number of liberalising measures such as the reduction to zero of virtually all tariff rates as they fall below 2 percent as a permanent feature of the new tariff and the acceleration to 1 January 1998 of most of the final UR

reductions that were scheduled for implementation on 1 January 1999. In 2002, MFN tariffs averaged 6.8%, down from 7.2% in 2000. The average of non-zero rates was 13.1% in 2002.

Yet, tariff protection remains significant in some sectors, with tariff peaks still affecting items such as agri-food products, textiles and clothing, footwear, and shipbuilding (tariffs on boats are set at 25%).

At the same time, tariffs had been virtually eliminated under NAFTA in Canada's trade with the United States (98.8% of tariff lines are duty-free) and Mexico (93.8%), with the exception of the supply-managed dairy and poultry products. Canada also provides preferential tariff regimes withunder the FTAs concluded with Chile, Israel and Costa Rica, the Joint Canada-Palestinian Framework on Economic Co-operation and Trade, and the General Preferential Tariff and Least Developed Country Tariff. EU countries are trading partners not eligible for any form of Canada's preferential treatment.

In addition, tariff escalation, i.e. tariffs that rise with the stage of processing, remains a barrier for non-U.S. exporters trying to export higher value-added products to Canada, particularly n the agri-food, textiles and clothing, wood products, chemicals and non-metallic mineral products'sectors. For these sectors, the average tariff on finished goods can reach nearly twice the level on raw materials.

Current duty rates may be searched by either an HS Product Code (4 or 6 digits) or by Keywords describing the product in the [Applied Tariffs section](#) of this Database.

Tariff Predictability

Over 99% of tariff lines are fully bound in WTO. Applied tariff rates in 2002 were slightly below bound rates. Only 26 lines were unbound, covering mainly mineral oils and mineral fuels and ships. Some 4.2% of all MFN tariffs are non-ad valorem, and they concentrate in the agri-food sector, with particularly high levels of protection in some cases.

Tariff Quotas

In compliance with its WTO commitments, Canada converted its agricultural import controls to a system of tariff rate quotas (TRQs). Under these TRQs, imports within the TRQ level (i.e. within the access commitment), will require a permit issued through the Export and Import Controls Bureau (EICB) in order to benefit from the lower rate of duty, while imports e.g. of dairy products, wheat and barley over the quota level, subject to higher rates of duty, may enter under a General Import Permit. Out-of-quota tariffs can reach levels as high as 224% (poultry and dairy products).

Levies and Charges

A number of federal and provincial taxes, including provincial sales taxes and excise taxes, are levied on both domestic production and imports.

The federal Goods and Services Tax (GST) is a 7% VAT on nearly all goods and services. The GST is payable on the duty-paid value of imported goods under the Customs Act, plus customs duties and taxes imposed under the Customs Tariff, the Special Import Measures Act, the Excise Act, or any other law relating to customs.

The GST and the provincial sales taxes are refunded on inputs purchased to produce goods that are subsequently exported.

Excise taxes are levied on gasoline, spirits, tobacco products and jewellery and watches, automotive air conditioners and heavy automobiles. Under the 2001 Excise Act, the sales levy on wine was replaced with a production levy at an equivalent rate. Some provinces also impose excise taxes on specific products, generally on fuel and tobacco, with different tax rates applicable for each province.

Tariff Quotas

● 960046- TRQ on wheat and barley and their products [2002-09-05]

As part of its Uruguay Round commitments in agriculture, Canada accepted to replace the import system on wheat and barley operated previously by the Canadian Wheat Board by 4 tariff rate quotas (TRQ): a wheat quota, a barley quota, a wheat "products" quota and a barley "products" quota. Outside the tariff quotas normal tariffs apply, albeit at high, if not prohibitive levels.

Imports of those products originating in the NAFTA countries are counted against the global WTO tariff quota, whilst at the same time continuing to benefit from the preferential NAFTA duty rates. Once the global quotas are exhausted, imports from NAFTA countries still benefit from the NAFTA preferential duty rate. Therefore, not only do EU exporters have to compete on the Canadian market against preferential trade, but also they are only given a share of the tariff quotas after preferential imports have had been deducted.

- The rules and procedures governing the administration of the TRQ for wheat, barley and their products were amended by the **Canadian Notice to Importers Serial No. 628** dated January 10, 2002.

Other than updating names of officials and some drafting changes, the major differences from the previous Notice No. 572 of 6 July 1998 are the following:

A) Addition of US imports of barley and their products to the list of those imports allowed to continue to be assessed under the lower "within access" rate of duty once the annual TRQ is filled (Article 6.3(a) of the Notice). It should be noted that all "preferential" imports (i.e. from US, Mexico and Chile so far) are counted in the filling up of this TRQ; and

B) Canada's final access commitment levels: 226 883 tonnes for wheat; 399 000 tonnes for barley; 123 557 tonnes (grain equivalent) for wheat products; and 19 131 tonnes (grain equivalent) for barley products (Article 6.1 of the Notice).

Other Industries Tariff Levels

● 000025- Ice Hockey Equipment [2002-09-10]

Customs duties imposed on certain protective equipment for ice hockey remain high after the introduction of the 1998 Custom Tariff by Canada. Imports into Canada of articles such as helmets, skate protector, shin-guards, elbow pads, shoulder pads, face guards and jockstraps are subject to high tariff rates.

Ice hockey articles are classified under the following Canadian HS codes:

- 6506.10.90 Safety headgear (other). Applied tariff: 8.5%
- 9506.70.11 Ice skates, including protectors. Applied tariff: 18.0%
- 9506.99.50 Shin-guards and elbow or shoulder pads excluding those for football; waist, thigh and hip protective equipment. Applied tariff: 15.5%.

- The Doha Ministerial Declaration of 14 November 2001 launched new multilateral trade negotiations covering different areas., including tariff cutting negotiations on all non-agricultural products. The aim of this negotiations is "to reduce, or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular in products of export interest to developing countries".

Shipbuilding Tariff Levels

● 970275- Shipbuilding high tariffs [2004-04-14]

Canadian tariffs on boats (certain dredgers and most fishing vessels) are set at 25%. Under the North American Free Trade Agreement (NAFTA), Mexican and US imports are exempted from this tariff.

- The Doha Ministerial Declaration launched new multilateral trade negotiations covering different areas, including tariff-cutting negotiations on all non-agricultural products. The aim of this negotiations is "to reduce, or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-

tariff barriers, in particular on products of export interest to developing countries”.

Textiles and Leather

Tariff Levels

● 000019- *Tariffs on Textiles and Footwear* [2004-04-15]

Tariffs are the main obstacle to EU exports of textiles products, and especially garments, to Canada. Tariffs applied to EU products reach 19% (e.g. 16 % for wool and synthetic fibres, and from 17.5 % to 21 % for clothing), whereas NAFTA products are exempted from customs duties or subject to 2.5% duties. Consolidated rates reduced up to 2004 reach 18 %, still a high figure.

Tariffs are also an important obstacle to EU exports of footwear. Tariffs applied to EU products reach 20%, whereas for NAFTA products, the overall tariffs are up to 2%.

- The Doha Ministerial Declaration of 14 November 2001 launched new multilateral trade negotiations covering different areas., including tariff cutting negotiations on all non-agricultural products. The aim of this negotiations is "to reduce, or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular in products of export interest to developing countries".

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TRADE DEFENCE INSTRUMENTS

Canada is an active user of anti-dumping actions, with presently 33 antidumping and 2 countervailing cases.

In 2004 Canada continues **anti-dumping measures** against imports of the following EU products:

- Refined sugar, from Denmark, Germany, the Netherlands and United Kingdom
- Cold-rolled steel sheet from Belgium and Spain
- Hot-rolled carbon steel plate, from Finland, Italy and Spain
- Hot-rolled steel sheet, from France
- Hot-rolled carbon steel plate and high strength low-alloy steel plate from the Czech Republic
- Stainless steel round bar, from France, Germany, Italy, Spain, Sweden and United Kingdom
- Corrosion resistant steel sheet, from Germany, France, Spain and United Kingdom
- Filter-tipped cigarettes tubes, from France and Germany
- Canned ham, from Denmark and the Netherlands

Since August 1999 Canada has applied a European Union Surtax on certain imports of beef, pork, cucumbers, and gherkins originating in EU countries in retaliation for the beef hormone issue. The EU has adopted a new Directive bringing the EC legal system in conformity with the recommendation and rulings made by the Dispute Settlement Body in the Beef Hormones case. The EU expects that Canada and the US will lift their respective sanctions in light of this new development.

Agriculture and Fisheries

Countervailing Measure

● 000024- *Canned Ham* [2002-09-30]

On 7 August 1984 Canada imposed provisional countervailing duties (CVDs) on imports of *certain canned ham and certain canned pork-based luncheon meat exported from Denmark and the Netherlands*. The CVDs or additional duties were imposed on imports of subsidised canned ham under 1,5 kg per can, originating in or exported from Denmark and the Netherlands, and canned pork-based luncheon meat containing more than 20 percent of pork, in respect of which a subsidy has been paid directly or indirectly by the European Economic Community. The rates of CVDs were equal to the amount of European subsidies.

On 16 March 1990, definitive measures were taken which were in effect for five years. On 21 March 1995, following an expiry review, Canada extended the application of anti-subsidy measures for further five years. They have been in place for over 15 years. On 20 March 2000, Canada Customs have decided to continue the CVDs imposed on subsidised canned ham and

to rescind the CVDs respecting subsidised canned pork-based luncheon meat. The CVD on canned ham remains equal to the amount of European subsidy.

Canned ham, classified by Canadian Customs in the HS under tariff item No. 1602.41.10, does not include such products as chopped ham, flaked ham, or picnic ham.

- CVDs remain in place for exports of canned ham from Denmark and the Netherlands and are not due to expire until 20 March 2005.

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NON TARIFF BARRIERS

Import Prohibitions

Under the Customs Tariff, the following imports are prohibited: second-hand motor vehicles less than 15 years old, except if manufactured in the US; used or second-hand aircraft, except if imported from the US; and reprints of Canadian and British books copyrighted in Canada.

Import Quotas

As part of the UR negotiations, quotas on imports of agri-food products have been converted into tariff quotas.

Canada maintains quotas on some textiles and clothing products. These are being progressively dismantled over a ten-year period until January 2005 under the WTO Agreement on Textiles and Clothing.

Standards, Sanitary and Other Technical Requirements

Certain Canadian regulations and standards, notably those related to SPS measures, seriously hinder imports of EU Products (e.g. caffeinated drinks, mozzarella, Gorgonzola and canned peaches). In addition, since the early 1990's, Canada maintains restrictions on imports of live cattle, meat and meat products from EU countries on grounds of risk of BSE which go well beyond international standards (Office International des Epizooties, OIE).

In addition, technical regulations and standards continue to differ among provinces, despite the work being undertaken under the Agreement on Internal Trade (AIT) and the Canadian Standards Strategy launched in 2000. Diverging provincial regulations and standards impede inter-provincial trade but also hinder international trade.

Government Procurement

Canada's commitments are among the poorest offers under the WTO Government Procurement Agreement (GPA). Public entities below the federal level are not covered. In addition, whole sectors are excluded, including communications equipment, transportation equipment, basic telecommunication services, transport services and shipbuilding and repair.

With respect to procurement at provincial level, for procurement covered by the AIT, provinces grant similar access conditions to procurement from the rest of Canada, but do not extend this automatically to procurement from foreign suppliers.

Provinces have established preferences that give priority to small business. This can take the form of a price preference, whereby a small business must be preferred to another supplier even if its bid is up to a certain percentage higher; a programme whereby the procurement is exclusively reserved for small business; and quota systems which allocate a percentage of total awards to small business.

In addition, most provinces apply preferences in favour of goods or services produced, manufactured or sold in the region or province, be it through a price preference (e.g. 10% in Ontario and Saskatchewan) or by limiting the opportunity to bid to provincial/Canadian suppliers.

State Trading Enterprises

Article XVII of GATT requires that the activities of State Trading Enterprises (STEs) be carried out in a manner consistent with general principles on non-discriminatory treatment and solely in accordance with commercial considerations. In the context of on-going WTO negotiations, the EU is in favour of improving the disciplines on STEs.

Canada's STEs, as notified to the WTO, are the Canadian Wheat Board (CWB), the Canadian Dairy Commission (CDC), the Canadian Freshwater Fish Marketing Corporation, the ten provincial Liquor Boards and the Ontario Bean Producers Marketing Board. The practices of certain of these Canadian STEs have been the object of concern.

In 2003, the US (supported by the EU) challenged the practices of the CWB on the basis of Articles III (national treatment) and XVII of GATT. The Panel report (adopted on 6 April 2004) rejected the claims based on the incompatibility with Article XVII of GATT but affirmed that certain CWB's sector grain policies were inconsistent with GATT Article III.

With respect to the provincial Liquor Boards, the bilateral Agreement on Trade in Wine and Spirit Drinks signed on 16 September 2003 establishes additional disciplines in relation to the practices of these provincial monopolies, thereby amending the bilateral Agreement concerning Trade and Commerce in Alcoholic Beverages concluded in 1989.

Government Procurement

● 970273- *Restrictions to public procurement* [2004-04-15]

Canada's schedule is one of the poorest offers to the WTO Government Procurement Agreement (GPA). Public entities below the federal level are not covered, services are only covered on a reciprocal basis and some sectors have been totally excluded, some 'for the EC only'.

- In the context of bilateral discussions on the reinforcement of the EU-Canada trade and investment relationship (Trade and Investment Subcommittee meeting of 22 October 2002; Joint Co-operation Committee of 21 November 2002 and EU-Canada summit on 19 December 2002, respectively), the Commission has renewed its proposal to negotiate the increased access to the respective government procurement markets.
- Under the current review of the WTO Plurilateral Agreement on Government Procurement (GPA) initiated in 1997, all GPA parties, including the EC and Canada, are invited to expand its coverage primarily by reducing the number and scope of exceptions to the agreement and, secondly, by including new sectors and procuring entities.
- In the context of the negotiation of the future bilateral Trade and Investment Enhancement Agreement (TIEA), Canada and the EU have agreed to undertake negotiations with a view to achieving the greatest possible extension of their commitments under the WTO GPA and eliminating any remaining discriminatory measures and practices (see Framework of the TIEA, adopted jointly at the EU-Canada summit held in Ottawa on 18 March 2004).

Agriculture and Fisheries

Competition Issues

● 960047- *liquor boards* [2004-04-15]

In Canada the importation of and inter-provincial trade in alcoholic beverages is governed by the federal **Importation of Intoxicating Liquors Act** (IILA). This statute provides the Provinces, within their respective jurisdiction, with control over the sale of intoxicating liquor, and over the importation, sending, taking or transportation of such liquor into the provinces. The provinces have delegated this activity to the Provincial Liquor Boards (PLB), what has resulted in a monopoly on the importation and sale of alcoholic beverages by the PLB in the ten Canadian provinces (although the PLB in Alberta is partially privatised).

Problems for European alcoholic beverages associated with discriminatory practices of the respective provincial liquor importing and marketing monopolies are long-standing.

PLBs' discriminatory policies on imported alcoholic drinks include:

- a) Imposition of higher mark-ups (amounts added to a base price and to applicable duties and

taxes which results in the establishment of a retail price).

b) Application of discriminatory measures concerning listing/de-listing procedures (PLB decisions whether brands or varieties of distilled spirits, wines and beer may be sold in its outlets).

c) Restrictions on private delivery and on access to points of sale.

d) Imposition of higher mark-up differentials (difference between the mark-up on an imported product and the mark-up on the like product of Canada other than additional costs of service necessarily associated with imported products).

e) Application on an ad valorem basis of mark-up differentials.

f) Application of ad valorem provincial and federal taxes at the end of the price calculation.

g) Minimum (and maximum) price requirements on imported products.

All these discriminatory practices substantially hinder the access of European alcoholic beverages into the Canadian market.

- EU and Canada officials met in Ottawa in November 2001 for technical negotiations of a new bilateral agreement on wines and spirits which is expected to cover the commercial practices of the Liquor Boards.
- A **third round of negotiations** for a comprehensive agreement on bilateral trade in wines and spirits took place in Ottawa from 18 to 19 April 2002, preceded by two days of technical discussions. Progress was made on the issues of oenological practices, dispute settlement, cooperation, provincial liquor boards and spirits.
- The bilateral Agreement on Trade in Wine and Spirit Drinks signed in Niagara on 16 September 2003 (see Annex VIII) provides for additional disciplines in relation to the practices of provincial Liquor Boards, thereby amending the 1989 bilateral Agreement concerning Trade and Commerce on Alcoholic Beverages. The entry into force of the Agreement is expected by summer 2004, once the ratification process in Canada is completed.

Standards and Other Technical Requirements

● 000017- *Canned Seafood* [2001-10-23]

According to the Fish Inspection Regulations of Canada, any fish imported into Canada may be subjected on a random basis to several kinds of inspection (Sensory evaluation, Net content determination, Label evaluation, Container integrity evaluation, etc.)... Where a type of fish fails to pass a type of inspection, (a) the type of fish, the name of the producer and the type of inspection shall be recorded by the inspector on a mandatory import alert list,... and (b) shipments or lots of that type of fish that are produced by that producer and subsequently imported into Canada shall undergo the same type of inspection until four consecutive shipments or lots have passed that type of inspection.

In discharging its responsibility, the Canadian Food Inspection Agency (CFIA) takes into consideration the requirements of Canadian Acts and Regulations applicable to the inspection of food (among them the Consumer Packaging and Labelling Act as it relates to food). It seems that the CFIA judges metal as well as aluminium cans on the same level for the purposes of container integrity and seaming when canned seafood is imported into Canada.

Certain European exporters are using aluminium containers for exporting canned seafood. Currently easy-to-open aluminium cans are the main can type on the world market. However, aluminium is much softer than metal, therefore it is a much more flexible and sensitive material. Even if the container integrity of cans is ensured by using aluminium and the quality of aluminium cans is high, using metal enables the seafood producer to press the cans much harder in the closing process than when using aluminium. When aluminium cans are checked by the CFIA on the same level of tightness as the metal cans, they break and fail to pass the container integrity evaluation.

Producers of canned seafood that fail to pass the inspection are recorded in the CFIA's import alert list, which is a black listing that makes exports to Canada virtually impossible. Once registered on the alert list, producers will have to pass a completely clean inspection for the next four (4) consecutive shipments, where 1250 samples will be drawn from each shipment.

As of 22 October 2001 there were 35 European exporters listed on the **CFIA's Import Alert List** for container integrity infractions (8 from Denmark, 8 from France, 7 from Germany, 3 from Greece, 6 from Italy, 3 from Portugal, 1 from Spain and 1 from Sweden).

Subsidies

● 010039-*Farmer Assistance* [2001-11-19]

Canada's agricultural assistance consists mainly of two programmes: the Net Income Stabilisation Account (NISA) and the Canadian Farm Income Program (CFIP). Additional income support to farmers is provided by companion programs such as Crop Insurance (CI) and province-based safety nets.

The **Net Income Stabilisation Account (NISA)** is a program designed to help farmers achieve long-term income stability on an individual basis. By providing farmers the opportunity to deposit money annually into their NISA account and receive matching government contributions up to a maximum of 3% of their eligible net sales (ENS), their NISA account grows. In lower income years, farmers can make withdrawals from the account to bring individual or family income up to a predetermined threshold. The threshold is currently set at Can\$20,000 for an individual farmer or Can\$35,000 for a family. The annual ENS limit for an individual farmer is 250,000 Can\$.

The **Canadian Farm Income Program (CFIP)** provides income protection, on a whole-farm basis, to eligible farmers who have experienced dramatic income reductions caused by circumstances beyond their control. The CFIP is a three-year extension of the 1998-99 Agricultural Income Disaster Assistance (AIDA). CFIP assistance is provided when a farmer's **gross margin falls below 70%** of their historical gross margin average.

According to Canadian authorities, total expenditure under these programmes will be approximately Can\$1,85 billion per year for the 2000 to 2003 tax years. This represents Can\$1.1 billion for basic safety net programs (NISA, crop insurance, and companion programs) and up to Can\$725 million for the CFIP. The cost of these programs is cost-shared on a 60:40 basis between the federal and provincial governments, respectively.

- The Doha Ministerial Declaration of 14 November 2001 launched new multilateral trade negotiations in a number of areas, with agriculture being at the centre of those negotiations. Among the objectives of the Doha Development Agenda is "substantial reductions in trade-distorting domestic support".
- On 20 June 2002, the Canadian Government announced Canada's proposed **Agricultural Policy Framework (APF)**. This new "architecture" for Canada's agricultural policy is intended to provide a longer term basis for funding Canada's agriculture and agri-food sector, in contrast to the series of more ad hoc funding measures which have occurred in this sector over the last decade. The Canadian Government has allocated up to Can \$5.2 billion to the APF, of which most is subject to provincial agreement to apportion another 2/3's share, thereby making the total package worth up to Can \$8.18 billion over the next six years. In this context, the Canadian Agriculture Minister requested a **review of current safety net programmes**

● 010038-*Export credit guarantee programmes to Canadian Wheat Board* [2004-05-07]

The **Canadian Wheat Board (CWB)** is a state-trading enterprise with exclusive authority to export western Canadian wheat, durum wheat, and barley. All CWB export credits are guaranteed by the Federal government, either to sovereign States under the **Credit Grain Sales Programme (CGS)**, or under the **Agri-food Credit Facility (ACF)** to private importers.

The CGS and ACF programs guarantee the repayment to the CWB of the principal and interest of all credit receivables. In some cases overdue accounts are rescheduled or the principal owed by a debtor country is reduced.

In addition, the Federal government guarantees allow the CWB to borrow money to finance its operations at lower rates of interest than any private sector company of comparable size and credit worthiness.

Sanitary and phytosanitary measures

● 010018- *Canada- Meat processing establishments* [2004-09-27]

In 1998 Canada and the European Union signed a **Veterinary Agreement** to facilitate two-way trade in live animals and animal products, including fish and fishery products, while safeguarding animal and public health. The veterinary agreement established a mechanism for the recognition of equivalence of EU and Canada's sanitary measures.

Canada's **Meat Inspection Act** forbids importing a meat product into Canada unless at the time it was prepared for export, the country from which it originated and any country in which it was processed had meat inspection systems, those systems and the relevant establishments in

those countries were approved in writing by the Canadian authorities before that time, and the approvals were valid at that time (Article 9).

Canada's system of approval of meat processing establishments of third countries does not differ substantially from the EU one. Both are based on the country's inspection. However, the Canadian Food Inspection Authority (CFIA) does not yet fully recognise that trade within the EU is based on single market rules and has in the meanwhile approved meat inspection systems in 13 EU countries. Applications from Germany and Greece are under review. Canada did not recognise all meat sectors in the Member States but only those which have been requested by Member States, e.g. NL is not approved for poultry, rabbits and farmed game while BE, PT, ES and SW are approved for all meat sectors. This is not in line with the EU's request to have approved by Canada all meat inspection systems in all Member States.

For approved meat sectors Canada applies now for EU Member States the pre-listing procedure where a list of establishments is established on the basis of the exporting country's guarantees without prior inspection. This pre-listing procedure is applied by the EU already since longer for TC establishments. The time delay for listing new Member States' establishments is however unacceptably long. Some Member States had to wait more than one year for receiving a response to their application.

Exports of certain meat products from EU Member States are currently prohibited or restricted as Canada does not recognise certain Member States free of certain diseases, e.g. AU is not recognised free of African Swine Fever (ASF) and Classical Swine Fever (CSF), BE for CSF, PT for CSF, ASF and Newcastle disease (ND) and ES for CSF and ND. All these diseases were either never present or have eradicated in these MSs since some time. Furthermore, the EU requests Canada to regionalise some Member States where diseases are only present in certain areas of the country. This is the case for IT (CSF, ASF and Swine Vesicular disease (SVD) and DE (CSF). Canada has still a complete ban on beef imports from the EU although Canada had 2 native BSE cases in 2003 and Canada exports beef under certain conditions to US and Mexico. Canada is currently reviewing the disease situation of certain Member States and committed itself to review its BSE import policy.

● 010019- *Canada- Caffeine in soft drinks* [2004-09-27]

Certain EU producers of carbonated soft drinks have been prevented from selling the standard version of their product in Canada, and forced to sell only caffeine-free versions, due to the limitations on the use of caffeine contained in the **Canadian Food and Drug Regulations**. Those regulations restrict the use of caffeine to cola-type drinks. That restriction is based on the assumption that caffeine may be unsafe for consumption by children. Health Canada made a review on caffeine use and its effects on children. The results were published in 2003. The study proved to be inconclusive. In the view of the EU, this restriction is inconsistent with provisions of the WTO SPS agreement. The subject is a topic in the TISC meetings to find a solution.

● 970208- *Canada- Bovine animals, beef and beef products* [2004-09-22]

In January 1997, Canada imposed certain restrictions on imports of bovine animals, beef and beef products. These measures prohibit imports from any country which has had an outbreak of B.S.E. in its domestic herd in the previous six years. This policy was amended at the end of 1997 following pressure from the EC and provided specific conditions for import of products from countries not meeting country freedom criteria. Later, on 16 April 1998 Canada notified a new policy concerning B.S.E. which seems to be more in line with OIE guidelines and may facilitate trade.

Countries banned: France,...

- General statement on BSE during the SPS meeting in Geneva March 2004.

Raised on the TISC meeting on 22 June 2004

In May 2003 Canada had its first case of BSE. The Food Authority is currently considering a revision of Canada's current GBR risk assessment for BSE. A relegation from the current status of category II to category III must take place. The EU did not take any additional measures after the first BSE outbreaks in Canada. The EU wants Canada to ease its restrictions on our exports. EU beef is safe because the EU has the most comprehensive protective measures in place. This deserves recognition for the EU's trading partners. That has also been recognised in principle by Canada. Canada committed itself on several occasions to review its import policies but did not yet follow

up.

● 010007- Canada- Fresh cherries [2004-09-27]

In February 2000 the Canadian Food Inspection Agency (CFIA) established severe phytosanitary import requirements for all varieties of fresh cherries from Spain by the Directive-00-01. Plant Protection (Phytosanitary) Import Requirements for Fresh Cherries from Spain. The Directive requires Spanish exporters to submit an extensive pest Risk assessment and to agree to a strict program of pest management as preconditions for an import permit during an initial trial period.

The Canadian regulation concerns some quarantine pests produced by insects, mites and fungi that CFIA considers most likely to be found on cherries imported from Spain.

During the trial period the specific CFIA import requirements include:- A Permit to Import issued under the Plant Protection Regulations.- A Phytosanitary Certificate issued by the Sanidad Vegetal (the Spanish Plant Protection Organisation) within 14 days prior to shipment.- A Certificate of producer compliance issued by the Comunidades Autónomas (Organisations of the Spanish Provinces), indicating the producer has met the requirements under the pest management program (Section VIII. 1 Option A) or a certificate of post-harvest treatment indicating the required post-harvest treatment has been carried out (Section VIII. 1 Option B).

Shipments arriving in Canada are subject to inspection and sampling to determine if pests are present. During the trial period, 100% of the shipments will normally be inspected. After successful completion of the trial period, the percentage of shipments inspected will be reduced.

Initially, a minimum of two years (2 seasons) and 15 shipments, in total, was required for the trial period that might be extended up to 5 years, if additional time was needed by Spain to meet the minimum 15 shipment requirement. The trial period would be concluded once CFIA is satisfied shipments of cherries from Spain routinely meet CFIA requirements.

However, on 15 May 2001, the Canadian Directive was revised. The number of shipments of fresh cherries from Spain required to complete the trial importation period was decreased from 15 to 8, while the duration of the trial importation period will continue to be two years. The Canadian Food Inspection Agency (CFIA) feels that this still allows for an evaluation of the ability of exporters from Spain to routinely meet CFIA requirements, when considered in addition to the detailed evaluation by CFIA of the Spanish Management Program.

● 010012- Canada- Sudden Oak Death/Alder Disease Import Bans [2004-09-27]

On 30 March 2001, as an interim emergency measure, the Canadian Food Inspection Agency (CFIA) banned the import of any plants or plant parts, of oaks, tanoaks, rhododendrons and huckleberry species from the Netherlands and Germany to prevent the introduction to Canada of Sudden oak death.

On 12/2003 Belgium a container with trees is blocked for this reason

According to a CFIA official, this measure adopted by the directive **Interim Phytosanitary Requirements to Prevent the Entry of the Phytophthora sp. Associated with Sudden Oak Death from The Netherlands, Germany and the State of California, United States** is pending the development of a risk assessment on the Sudden oak death disease in Canada and will be in place at least for this year's shipping season.

Previously, on 22 January 2001 Canada had put in place the directive **Requirements to Prevent the Introduction of undescribed species of Phytophthora pathogenic to Alder** that prohibits the import of Alnus species from European countries infested by the alder disease (United Kingdom, Sweden, France, Holland, Germany and Austria).

The above-mentioned directive on the Alder disease was revised on 13 July 2001 to include Italy among prohibited sources.

Automotive

Quantitative Restrictions and Related Measures

● 960044- Used car import ban [2004-05-07]

Under the Canadian Customs Tariff (tariff item No. 9897.00.00, **Memorandum D9-1-11**) a prohibition on imports of used or second-hand vehicles of all kinds remains in place, except on those imported from the United States. Imports of used vehicles from Mexico are to be progressively liberalised, with unlimited access planned for 2019.

● 010008- *Veterinary drug review* [2004-05-05]

The approval process for new veterinary drugs in Canada is conducted by the Health Products and Food Branch of the Ministry of Health Canada, through the work of the **Veterinary Drugs Directorate (VDD)** (formerly organised as Bureau of Veterinary Drugs, BVD).

The **approval process for new veterinary drugs** consists of a rigorous scrutiny carried out by three different evaluation divisions within the VDD: the Human Safety Division (HSD), the Manufacturing and Chemical Evaluation Division and the Clinical Evaluation Division.

If a submission is accepted and the product is approved, the manufacturer will receive a Notice of Compliance (NOC) from Health Canada specifying the terms and conditions under which the drug can be sold and used and the Drug Identification Number (DIN) that the drug must bear on its label.

For a new veterinary drug to be approved, the manufacturer must submit an **Veterinary Drug Submission** which normally should take a maximum of 180 days to review according to VDD's own directions. However, in the past, some European applications have been waiting approval for some years, even for products containing the same active ingredient as other product already approved.

This poses a problem because when European companies want to introduce a new veterinary drug into the marketplace, they want to do so in all markets **at the same time**. However, the lengthy approval period in Canada means that this simultaneous release is not possible.

- In November 2001, the former Bureau of Veterinary Drugs (BVD) was transformed into the new Veterinary Drugs Directorate (VDD). The allocation of additional resources by Health Canada to the newly established directorate permitted to increase its staff (from 27 to currently 57 employees) and to create new divisions (the Policy Division and the Partnership and Outreach Division).
- In February 2002, as part of its efforts to improve communication with stakeholders, the new VDD held its first Workshop with Stakeholders. The creation of joint working groups in specific areas (i.a. the submissions/approval process) was agreed upon.
- At the meeting of the EU-Canada Trade and Investment Sub-committee (TISC) held on 22 October 2002, the Commission requested an update on progress made on approvals of both veterinary and human drugs by Health Canada. Canada indicated that significant progress was being made, in particular through an increase in staff, a 180-day target to review submissions, the reduction of the existing backlog to 168 submissions and the adoption of observer status at the International Cooperation on Harmonisation of Technical Requirements for Registration of Veterinary Medicinal Products (VICH).
- At the meeting of the EU-Canada TISC held on 29 April 2003, the Commission reiterated its request for regular updates on the clearing of the existing backlogs on new human and veterinary drugs. With respect to veterinary drugs, the Commission expressed concern about: the methodology proposed for clearing the backlogs [i.e. transitional policy to deal expeditiously with outstanding additional data letters (ADLs)]; the lack of guidelines for scientific data required; the lack of a system of appeal as well as the continuing delays in submission approvals. Canada indicated that the proposed ADL policy was only one aspect of the strategy to improve the efficiency of the review process and that a Submission Management Policy, as well as new Drug Submission Guidelines, were being prepared and would be consulted with the industry.
- At the meeting of the EU-Canada TISC held on 17 October 2003, the Commission reiterated its concerns on the Canadian drugs approval review system. Canada informed of Health Canada's latest initiatives, including the preparation of a Draft Guidance for Industry Management of Regulatory Submissions Policy, a Blueprint for the Appeal Process for Veterinary Drug Submissions and a Priority Review Policy.
- A VDD Stakeholder Committee meeting took place on 27-28 November 2003. The VDD presented its Guidance for Industry Management of Regulatory Submissions, aimed at assisting the industry in improving the quality and completeness of incoming submissions as well as at improving the internal review process. In addition, the VDD confirmed its commitment to eliminating 90% of all files that were over 2 years old by the end of the 2003-2004 fiscal year. Finally, the VDD explained the Priority Review Policy being developed. Stakeholders indicated that priority should rather be attached to addressing the existing backlog, but agreed to create a taskforce that would develop a list of priority drugs that are needed by sector.
- In December 2003, a Blueprint for Appeals was published by the VDD [until then, there had been no appeal mechanism in Canada during the application process nor once the

drug decisions were made, unlike in other jurisdictions]. However, this blueprint does not provide for an independent appeal system, as demanded by the industry.

- In January 2004, the Draft Guidance for Industry in Preparation of Veterinary New Drug Submissions was posted for a three-month consultation.

Standards and Other Technical Requirements

● 020082-Approval of new biotherapeutic products [2004-05-07]

Time of approval of new biotherapeutic products in Canada has increased dramatically in the recent past to the point where Health Canada's **Biologic and Genetics Therapies Directorate (BGTD)** is, by wide margin the slowest agency amongst its international peers to review and approve new products. According to Health Canada's 2000 Annual Drug Submission Performance Report, between 1999 and 2000 the average time to approval increased from 517 days to 920 days. From the subset of new active biologic substances approved in 2000 which met BGTD's criteria for a "priority review" (those which treat a serious, debilitating or life-threatening disease), the average time for approval was 825 days. 2001 reports revealed a continuing, if not worsening, performance problem.

The problem is mainly the amount of time a submission is in queue waiting for a review to be initiated (within the BGTD, there are many examples of submissions waiting 12 to 18 months before the review process begins). The BGTD has established performance standards similar to those established in other jurisdictions. However, those standards are not enforced due to lack of sufficient and qualified human resources.

- In the Throne Speech pronounced on 1 October 2002, the Canadian Government referred to the need to "speed up the regulatory process for drugs approvals" among its priorities.
- At the meeting of the EU-Canada Trade and Investment Subcommittee (TISC) meeting held on 29 April 2003, Canada informed the Commission that the Government had taken steps to redress the situation in relation to approval of human drugs, including through a funding increase of CAN \$190 million over five years. Canada also informed that a schedule had been put in place to move towards the approval targets of 300 days (for normal approval) and 180 days (for priority drugs).

Textiles and Leather

Registration, Documentation, Customs Procedures

● 970203- labelling - quilted garments [2001-11-07]

Quilted garments sold in the Canadian provinces Ontario, Quebec and Manitoba must be labelled. The purpose of this labelling is to protect the public from the use of unclean or used fillings. Domestic manufacturers, renovators and any other manufacturers of upholstered and stuffed articles for sale in these provinces must be registered. Registration is yearly to be renewed. Registration fee for one type of product is 400 Can\$. Verification of the labelling requirements is very severe. If the labels do not conform to the requirements, the goods are upheld in the warehouses. The consequence of these technical requirements are additional costs, which form a market access barrier for EU manufacturers.

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INVESTMENT RELATED BARRIERS

Canada's economic development has depended for a large part on foreign investment. Foreign investors control about one-quarter of total Canadian non-financial corporate assets. Pursuant to recent estimates about 50% of manufacturing production is carried out by foreign companies.

The EU is the second major investor in Canada after the US. Six of the top 10 investment source countries are Member States of the European Union. EU investments are concentrated in the finance and insurance; food, beverage and tobacco; energy; and chemical products and textiles industries. Some 3,500 European subsidiaries have been established in Canada. Canada is the fourth major investor in the EU, after the US, Switzerland and Japan.

Canada's direct investment stocks in the EU-15 totalled in 2002 46,94 billion €. Total foreign investment stocks of the EU-15 in Canada by end of 2002 stood at 84.3 billion €.

The legal framework governing foreign direct investment in Canada is established by the Investment

Canada Act of 1985. Foreign investment is subject to review in certain cases and specific restrictions exist on inward direct investment in certain sectors e.g. telecommunications, financial and insurance services, air transport, book publishing and distribution, broadcasting, cultural industries like film distribution. All new foreign investments are subject to notification requirements. Acquisition of control of a Canadian business by a non-Canadian is subject to approval by Investment Canada for businesses with assets over a particular amount, adjusted each year to reflect any changes in nominal GDP.

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IPR

Canadian legislation does not fully comply with international agreements containing Intellectual Property Rights (IPR) provisions. Canada does not give protection of geographical indications (PGI)

Agriculture and Fisheries

Legislation on Appellations of Origin and Geographic Indications

● 990037- *Registration of Prosciutto di Parma* [2002-09-06]

In 1964, the Canadian company "Parma Foods" registered the trademark "Parma", at a time when imports of Italian Parma ham into Canada were forbidden on sanitary grounds. Today this trademark belongs to the company "Maple Leaf Meats".

In 1997, the Canadian Food Production and Inspection Branch decided to allow imports of Prosciutto di Parma and terminated the sanitary restrictions. However, the Prosciutto di Parma could not be imported in Canada under the usual collective trademark, because this would have amounted to a violation of the Canadian registered trademark. As a matter of fact, the Canadian Intellectual Property Office repeatedly objected to the application for registration of three collective marks lodged by the Consorzio del Prosciutto di Parma because of the earlier registration of the Canadian "Parma" trademark.

On 19 September 1997, The Consorzio di Prosciutto di Parma (hereafter, the Consorzio) requested the **Canadian Intellectual Property Office** (CIPO) to give public notice, pursuant to Section 9(1)(n)(iii) of the Canadian Trademarks Act, of the adoption and use of the Ducal Crown mark in Canada as an Official mark for services. On 11 February 1998, the CIPO gave public notice of the adoption and use of the Ducal Crown mark by the Consorzio del Prosciutto di Parma. According to the Canadian Trademarks Act, this notice would give the Consorzio, being a "public authority", the right to use the Ducal Crown mark in Canada and to stop any new use by others of the Ducal Crown mark or any confusingly similar mark. Maple Leaf appealed this act of the Registrar.

In addition, on 5 November 1997, the Consorzio commenced proceedings in the Federal Court of Canada- Trial Division, pursuant to Section 57(1) of the Canadian Trademarks Act, seeking expunction of the registration for the mark "Parma" owned by Maple Leaf. In these proceedings, the Consorzio argued that the registration of the "Parma" trademark was invalid as it was not registrable at the time of registration.

- On 1 May 2002, the appeal launched by the Consorzio against the dismissal by the Federal Court of Canada-Trial Division of its expunction action against Maple Leaf's "Parma trademark", was also dismissed.
- On 25 April 2002, Maple Leaf discontinued its appeal of the Federal Court's- Trial Division dismissal of its action against the recognition of the use by the Consorzio of the Ducal Crown mark under Section 9 of the Trademarks Act.