

**GENERAL AGREEMENT  
ON TARIFFS AND TRADE**

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EC - PROHIBITION OF IMPORTS OF PELT AND MANUFACTURED GOODS  
OF WILD ANIMALS

Request for Consultations under Article XXII:1 by Canada

The following communication, dated 21 April 1994, has been received from the Permanent Mission of Canada and is circulated in accordance with paragraph C.3 of the CONTRACTING PARTIES' 1989 Decision on Improvements to the GATT Dispute Settlement Rules and Procedures (BISD 36S/62).

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On March 28, 1994 the Government of Canada requested bilateral consultations with the European Union under Article XXII:1 of the General Agreement on Tariffs and Trade with respect to Council Regulation (EEC) N°. 3254/91 of November 4, 1991 concerning the prohibition of imports of pelts and manufactured goods of wild animals. Canada has serious concerns about the regulation itself, however the immediate concern is the new interpretations of the regulation by the competent Community authorities.

The effect of these new interpretations would be to close the entire European Union market to Canadian exports of pelts and goods manufactured from the pelts of certain wild animal species from the end of 1994, or 1995 if a one-year extension is granted for the implementation of the regulation. Canada has also been advised that the deadline of the end of either 1994 or 1995 is absolute and Canada could not export such products to the EU again in the future even if all the conditions of the regulation were met subsequently. These interpretations are contrary to previous interpretations provided to Canada.

Implementation of this regulation in accordance with these new interpretations would constitute an attempt by the European Union to enforce its own environmental policies outside its jurisdiction by imposing trade restrictions in order to compel other countries to comply with these policies.

The resulting impact on trade would be substantial. Even the threat of a possible market closure has already resulted in lost exports for Canadian firms. In 1993, the Canadian fur industry's exports totalled approximately \$140 million. Most were destined directly or indirectly to the European market which is by far Canada's most important export market for these products. Some 80,000 Canadians derive income from commercial trapping and thousands more

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are employed as garment designers, manufacturers and retailers. More than half of the individuals involved in trapping wild animals in Canada are aboriginal people and for many communities in remote northern regions of Canada trade in fur is a matter of economic independence and cultural survival.

It is Canada's position that an import prohibition as provided for in this regulation would be a contravention of the European Union's obligations under Articles III and XI of the General Agreement which could not be justified under any other GATT provision. In addition, these measures would violate the European Union's obligations under Article I and would nullify or impair benefits accruing to Canada.

For these reasons, the Government of Canada has requested consultations with the appropriate European Union authorities in a timely fashion to discuss this matter with the intention of reaching a mutually satisfactory solution in accordance with Article XXII:1 of the GATT.