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Canada and Germany as Global Economic Policy Actors Policy Report

Issue 7, November 2008
https://circle.ubc.ca/bitstream/handle/2429/5233/ubc_2008_fall_bognar_m_julia.pdf?sequence=1

REGULATING RISK: EXPLAINING DIVERGING LABELING POLICIES BETWEEN CANADA AND THE EUROPEAN UNION AND WHETHER THESE DIFFERENCES CAN BE RECONCILED*

by Julia Bognar, MA

This paper deals with the causes behind policy divergence and convergence, concerning nonproduct related production and process methods (nprPPMs). The causes behind this are explored in two case studies: labels for genetically modified foods, and ecolabeling. Particular attention is paid to the differing approaches to risk analysis (RAF), namely that Canada employs a scientificbased approach to this framework, while the EU more often employs a social-based approach.

… Economic relations between the European Union (EU) and Canada are characterized by strong two-way trade flows as a result of a long tradition of economic cooperation and compatibility. The EU is Canada's second largest trading partner with trade in goods and services accounting for over $83 billion CAD in 2007, as figures have been increasing every year.

… Dollar figures have remained steady between Canada and the EU, and tariff barriers have been drastically reduced since the inception of the international trading system. However, overall trade between the EU and Canada, as a percentage share of total trade, has not increased as quickly as trade with Canada's other trading partners.2 Partial explanations for this stagnation have been attributed to regulatory trade barriers, which have been repeatedly stressed by both Canadian and European policy leaders as the main obstacles to a deepening trade relationship. This paper will focus on the relevance of regulatory barriers in the EU-Canada trade relationship, in particular as to why they exist and if they can be reconciled.

…

While the SPS Agreement takes precedence of determining the legitimacy of a labeling scheme if it is established for the purpose of protecting human, animal, or plant life or health, if health risks are not the reason for justification then WTO rules under the TBT Agreement will apply instead.

Under the TBT, both technical regulations (mandatory measures) and standards (voluntary measures) are documents that may include labeling requirements as they apply to a final product or a PPM. So far the only WTO case regarding mandatory labeling, EC Sardines, was dealt with under the TBT Agreement, rather than the SPS Agreement. In addition, the TBT Agreement appears to be the only agreement that applies to voluntary labeling schemes.

Often, the EU justifies its labeling measures not on safety grounds but on the need to inform and provide their consumers with the information they are demanding (Kogan, 2003), and many scholars have argued that the TBT Agreement allows measures for the purposes of consumer information…
(p. 106)

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