

### **Recommendation 18**

*The Committee supports the ongoing use of the Chapter 19 binational review procedure – and, where appropriate, the WTO dispute settlement system – and recommends that the Government of Canada continue to pursue all legal avenues for the effective resolution of current trade disputes, especially the softwood lumber dispute.*

The Government agrees with the Committee's recommendation and will continue to pursue all legal avenues to resolve trade disputes, including the softwood lumber dispute.

In the softwood lumber dispute with the United States, the Government of Canada is taking all actions possible to protect the interests of the Canadian lumber industry, its workers and lumber communities across the country. Canada is challenging the US trade actions before the World Trade Organization (WTO) and North American Free Trade Agreement (NAFTA). Six challenges of the US final determinations of subsidy, dumping and injury have been initiated before international tribunals. These six challenges are in addition to three earlier challenges of US trade legislation and practice respecting export restraints, the refund of countervailing and anti-dumping duties, and the Byrd Amendment providing for the distribution of duties to US industries. Canada also successfully challenged the US preliminary determination of subsidy. At the same time, the Government is committed to finding a long-term policy-based resolution of the trade dispute. Working closely with provinces and the lumber industry, the Government has been exploring with the United States whether a basis exists for a durable solution to the dispute.

### **Recommendation 19**

*Taking into account similar negotiations currently underway in the WTO forum, the Government of Canada should vigorously pursue consultations with Mexico and the United States under Article 1907 of NAFTA in order to actively engage them in the development of a common North American anti-dumping and countervail regime.*

The Government has long held that, in the integrated North American market, the use of trade remedy measures is counterproductive. Accordingly, the Government continues to pursue the objective of a common approach to trade remedies within the NAFTA. In steel, for example, the Governments of all three NAFTA Parties are working both multilaterally, within the context of the Organization for Economic Cooperation and Development (OECD), and trilaterally, within the context of NAFTA, to address trade issues. The results of the collaboration in the steel sector could serve as a future model when examining possible alternatives to trade remedy measures.

