

appealed aspects of the panel's report on the basis that the panel made legal errors and took an overly broad view of key WTO obligations. The WTO Appellate Body is expected to provide its report by May 2000.

A panel has also been established to examine a EU complaint about an alleged lack of protection of inventions by Canada in the area of pharmaceuticals.

Canada actively follows the development of trade disputes involving other WTO Members and joins in whenever our trade interest or system interest in the WTO warrant our intervention. Canada reserves third-party rights to present arguments to panels and the Appellate Body, such as in a complaint against the United States concerning measures affecting the importation of fresh, chilled and frozen lamb from New Zealand. Canada's interest in this dispute is to ensure the WTO-consistency of NAFTA Article 802 dealing with exclusion from safeguard actions. In 1999, Canada participated as a third party in WTO panels on the U.S. Foreign Sales Corporation and Section 301 of the U.S. Trade Act (1974).

With a view to further strengthening this cornerstone of the multilateral trading system, Canada was actively engaged in a review of the DSU and proposed refinements in the following areas: enhancing transparency in the system; improving mechanisms for implementing DSB recommendations and rulings; reducing scope for unilateral action by any Member; and ensuring the dispute settlement system is accessible to all Members. The review process resulted in a package of proposed amendments to the DSU, which was presented to ministers at the Third WTO Ministerial Conference in Seattle. Although the conference was suspended, it is hoped that the package of amendments will soon be adopted by WTO Members.

Accessions to the World Trade Organization

In 1999, accession negotiations were concluded between WTO Members and three countries — Latvia, Estonia and Jordan — bringing the WTO membership to 136. Georgia is expected to join soon, while approximately 30 additional countries and customs territories are in various stages of the

accession process, including Algeria, China, Chinese Taipei, Croatia, Lithuania, Russia, Saudi Arabia, Ukraine and Vietnam. China has been brought closer to WTO membership with the conclusion in November 1999 of bilateral market access agreements with the United States and Canada, although much work remains to be done at the multilateral level (e.g. on the application of agricultural trade rules).

As in previous years, Canada will continue to take an active role in accession negotiations. Canada supports the expansion of WTO membership for two reasons:

- to secure more open, non-discriminatory and predictable access for Canadian exports of goods and services to these markets; and
- to achieve transparent, rules-based trade regimes in additional markets, thus contributing more broadly to economic stability, peace and prosperity.

The negotiations take place on two parallel tracks: multilateral and bilateral. For each accession, a WTO working party of interested Members examines the applicant's trade regime and identifies the reforms required to achieve conformity with WTO rules. By participating in working party deliberations, Canada satisfies itself that the accession will bring about more predictable, less discretionary trading conditions in the applicant's market.

In bilateral market access negotiations, Canada aims to achieve better access in targeted goods and services sectors. Canada focuses on the reduction or elimination of tariffs and non-tariff barriers, and on obtaining commitments in the four modes of services trade: cross-border supply of services; consumption abroad; commercial presence; and the movement of persons. Accession negotiations offer a unique opportunity to resolve Canadian market access problems in the applicants' markets.