

conclusion of an agreement is the end of 2005. Canada has been participating in these negotiations as an observer.

North American Steel Trade Committee

In October 2003, the governments of Canada, Mexico and the United States announced the establishment of a North American Steel Trade Committee. The Committee, comprising officials from the NAFTA governments and industries, is a forum within which multilateral, trilateral and bilateral trade issues related to steel can be discussed. The Committee is also a forum for discussing the circumstances that may give rise to trade frictions. A number of proposals for trilateral government actions on issues of mutual concern and interest (e.g., OECD steel negotiations, monitoring) have emerged from the meetings that were held in November 2003 and May and November 2004. A fourth meeting is scheduled for May 2005.

RULES OF ORIGIN

The WTO Agreement on Rules of Origin established a work program to develop common rules of origin for non-preferential trade. The work program was originally slated for completion in July 1998; however, the deadline for completing the core policy issues identified in the December 2002 report of the Committee on Rules of Origin to the General Council has been extended to July 2005. Should the core policy issues be resolved by July 2005, the Committee on Rules of Origin is to complete its remaining technical work, including a review of the results for overall coherence, by the end of 2005. The inability of the Committee on Rules of Origin to meet the deadline for completing the work program stems from the technical complexity of reaching agreement on rules for all products; the entrenched positions of many members, particularly in the areas of agriculture, textiles and apparel, and industrial products; and the lack of consensus on the implications of the work program (i.e. if and when the harmonized rules should be used).

In the development of common rules of origin for non-preferential trade, Canada's objectives continue to be threefold: to achieve common rules that will provide greater transparency and certainty for traders;

to prevent countries from using rules of origin to impair market access; and to achieve rules that are technically proficient, reflecting the global nature of the production and sourcing of goods and materials. Regarding the implications of harmonized rules of origin, Canada's position is that members should use such rules in the application of non-preferential commercial policy instruments only if other WTO agreements require determination of a country of origin.

TRADE FACILITATION

Although WTO rules already contain a variety of provisions aimed at enhancing transparency and setting minimum procedural standards (such as Articles V [freedom of transit], VIII [fees and border formalities] and X [publication and administration of trade regulations] of the General Agreement on Tariffs and Trade [GATT]) these rules date back to the original formation of the GATT in 1947 and, in some cases, build on predecessor arrangements from the early years of the 20th century.

At the fourth WTO Ministerial Conference in Doha in 2001, ministers agreed to a focused trade facilitation work program, leading to modalities for negotiations that were agreed upon in July 2004. Canada's priority for the negotiations is to secure strong and binding rules on trade facilitation in a manner that is both practical and meaningful to traders by building on the existing WTO obligations (i.e. GATT Articles V, VIII and X) so as to maximize transparency and streamline customs procedures.

Canada has also been an advocate of trade facilitation in the context of bilateral and regional agreements, and it continues to pursue inclusion of trade facilitation provisions in such agreements. For example, the Canada-Costa Rica Free Trade Agreement includes a chapter on trade facilitation, and this chapter has been presented by Costa Rica to the WTO as an example of what can be achieved in negotiations on trade facilitation.

Canada views trade facilitation as a win-win for all countries and as a natural complement to market access negotiations on goods. New rules on trade facilitation would help countries modernize border systems to expedite the flow of goods across borders, while fully meeting non-trade objectives such as secu-