

- Binational working groups in the areas of agricultural and fishery products, customs matters, tourism and services are working toward the further elimination of trade barriers and enhanced trade. Future consideration will also be given to other matters, such as government procurement, in an effort to expand trade.
- A bilateral working group has been established under Chapter 19 of the Agreement to deal with the subsidies and trade remedies issues which were not resolved during the FTA negotiations. With a five to seven year mandate, this working group will seek to negotiate a substitute system of rules to deal with countervail and anti-dumping cases and to develop more effective rules and disciplines concerning the use of government subsidies.

*** Canadian industry and government are making effective use of the FTA trade dispute settlement mechanisms and are vigorously exercising Canada's FTA rights. These new mechanisms will help ensure that existing trade laws are administered fairly and on the basis of facts, rather than on the basis of special interest group pressures.**

- Almost 99% of the projected \$200 billion of Canada-U.S. trade in 1989 was dispute free.
- The FTA gives both countries a dispute settlement system (Chapter 18) and procedures for impartial binational review of administrative decisions in the area of anti-dumping and countervail duties (Chapter 19). Twelve challenges have been requested in 1989 under the Chapter 19 review mechanism. All but one of these were initiated by Canadian exporters.
- The first Chapter 19 (anti-dumping and countervail) binational panel decision was released December 14 on the red raspberries dumping case involving B.C. exporters. The unanimous panel decision found that the U.S. Department of Commerce's margin of dumping findings were defective against two of the three B.C. exporters named in the administrative review and remanded the case to DOC for further substantiation. The other eleven cases are in various stages of resolution.
- Two Chapter 18 panels have been requested. The first involved West Coast salmon and herring. Canada announced on November 6, 1989, that it would adopt the panel report on West Coast salmon and roe herring. The Federal Government, in consultation with the industry and the B.C. Government, is working out details of implementation with the U.S. It is expected that the panel for the second case, relating to U.S. restrictions on Canadian East Coast lobster, will release its report in mid-May, 1990.