

The dispute settlement mechanisms are working well and should be regarded as one of the major benefits of the FTA. Canadian interests, both industry and government, are making effective use of them.

- The FTA Chapter 18 dispute settlement panel on lobster found that the U.S. measure constituted an internal measure, not a restriction on imports as Canada had argued. Following efforts to seek a negotiated solution, Canada announced its decision not to enter into an agreement with the United States concerning trade in lobster.
- Chapter 19 dispute settlement panels examined the questions of injury and subsidy on pork exports. These panels remanded both the countervail and injury decisions back to the U.S. authorities, which subsequently reaffirmed their initial determinations. These cases had not been fully completed by year's end.

The FTA is working successfully to secure Canadian market access against U.S. protectionist measures. Some examples of how the FTA preserved Canadian market access in 1990 are the following:

- A bill to restrict the import of textiles and footwear specifically exempted Canada from the proposed trade restrictions because of the FTA. In the end, the bill was vetoed but the point is that the FTA had offered special protection to Canada.
- Legislation imposing new certification requirements for industrial fasteners (U.S. Fastener Quality Act) was modified so that Canadian fasteners are treated in the same way as U.S. fasteners. This change was critical to Canadian steel producers' ability to continue to make "just in time" deliveries to auto manufacturers.
- Canada obtained an exemption from the U.S. prohibition against the transport of lottery tickets through the United States. This allows Canadian exporters to ship their products to Mexico and other Latin American countries by the most economical route.
- Canada was exempted from the restrictive provisions of a U.S. bill on the application of anti-trust law to foreign participation in joint ventures. Although the bill did not pass, it may be taken up by Congress again next year.
- The FTA was cited as a positive factor in the process leading to the approval of the Iroquois natural gas pipeline by the Federal Energy Regulatory Commission. The sponsors of the pipeline estimate the project will generate approximately \$800 million annually for Canadian producers.