

competitiveness initiatives, research and development programs, a boreal forest research consortium, and an awareness campaign in the United States.

The Government of Canada will continue to pursue unrestricted access to the U.S. market for Canadian softwood lumber as a top market access priority.

### **Wheat**

On September 13, 2002, several U.S. wheat producer groups filed petitions with U.S. authorities seeking the imposition of anti-dumping and countervailing duties on imports of hard red spring wheat and durum wheat from Canada. Bilateral consultations under Article 13 of the WTO Agreement on Subsidies and Countervailing Measures were held on October 1 in Washington. On October 23, the U.S. Department of Commerce initiated the requested anti-dumping and countervailing duty investigations. The U.S. International Trade Commission reached an affirmative preliminary injury determination with respect to both products on November 19. On March 4, 2003, the Department of Commerce issued its preliminary determinations in the countervail case, find two countervailable subsidies out of a range of programs examined. Provisional duties of 3.94% were announced for imports of Canadian durum and hard red spring wheat. The Canadian government will continue to defend its wheat sector policies for the duration of the investigations.

### **U.S. Farm Bill**

Canada has expressed serious concerns about the Farm Security and Rural Investment Act, otherwise known as the Farm Bill, particularly the increase in trade-distorting domestic support and the mandatory country-of-origin labelling requirements. The domestic support increases run counter to the agreed objective in the WTO agriculture negotiations to substantially reduce trade distorting domestic support. Canada is carefully examining the consistency of the Farm Bill measures with U.S. commitments under the World Trade Organization. We will continue to follow developments and make our concerns known to Congress and the Administration as the legislation is implemented.

### **Agricultural Subsidies**

Canada is increasingly concerned about the high and rising levels of domestic support to agriculture in the United States, especially to grains and oilseeds production. This support contributes to the worldwide supply-demand imbalance that keeps prices down.

All WTO members are pursuing the objective of substantial reductions in trade-distorting domestic support, further to the WTO Ministerial Declaration in Doha; however, developments in the United States do not appear to be consistent with that undertaking. Similarly, all WTO members committed themselves in Doha to reductions, with a view to phasing out, of

## **CANADA'S ADVOCACY IN THE UNITED STATES**

In May 2002, the government agreed to contribute \$20 million to intensify advocacy in the U.S. for Canada's trade interests, particularly in the areas of softwood lumber, agriculture and energy. The bulk of the funding is a \$17-million grant to the Forests Products Association of Canada to support the Canadian industry's advocacy and advertising efforts on softwood lumber. The

aim is to make optimal use of all channels of influence to reach carefully selected decision makers, fighting irritants before and when they arise. DFAIT will work closely with other government departments and support enhanced advocacy by provincial and territorial governments, municipalities, parliamentarians, industry, academia and unions. In a similar vein, Agriculture and

Agri-Food Canada is mounting a significant trade advocacy initiative, the predominant component of which will focus efforts on the U.S.

In the February 2003 budget, Finance Minister Manley announced spending of \$11 million over the next two years to bolster Canada's representation and trade promotion activities in the United States.