

RECOMMENDATION 16:

That the Government of Canada encourage WTO member states to undertake an extensive examination of alternatives to the existing dispute settlement mechanism to render it more effective. Such issues as the need for time limits for WTO compliance and the usefulness of giving greater priority to compensation as opposed to retaliation as a form of settlement should be given serious consideration.

Canada is firmly committed to a rules-based multilateral trading system that provides an integrated and effective framework within which to engage and manage international trade relations and the inevitable trade disputes that arise. In our view, the dispute settlement process established in the WTO Dispute Settlement Understanding (DSU) is a key element of this multilateral trading system framework. It promotes adherence to the rules negotiated by WTO Members and reduces the scope for unilateral trade actions.

Although the dispute settlement process of the WTO is working well, the Government agrees with the Committee that it can be made more effective. To this end, Canada is part of a group of 14 WTO Members that has submitted a proposal to amend the DSU in certain key areas. In particular, the proposal seeks improvements to the rules relating to implementation and retaliation, where Canada and other Members believe there is a need for greater clarity. Canada will continue to work with the co-sponsors of the proposal and with other WTO Members to achieve a consensus on modifications to the DSU. This proposal does not exhaust the range of possible improvements, but we believe it would address some of the most pressing issues.

Finally, the Government strongly believes that the best way to resolve trade disputes is through good-faith consultation with a view to reaching agreement to settle the matter at issue. It is only when these efforts fail that Members should turn to the formal dispute settlement procedures of the DSU. We note that under the DSU rules, even at this juncture, efforts to reach an agreed settlement need not be abandoned. It is in this context that Canada supports the efforts of the WTO Director-General to better inform Members of the procedures that currently exist in the DSU regarding good offices and dispute conciliation or mediation services that can be provided by the Director-General.