
process contained in the WTO Dispute Settlement Understanding (DSU). This process includes consultations, reviews by independent panels when parties are unable to settle their differences at the consultation stage and possible recourse to a standing Appellate Body. The DSU helps ensure that members adhere to the trade rules they have negotiated and reduces the scope for unilateral trade actions. The DSU is, without question, a key element of the rules-based, multilateral trading system.

There are relatively few cases among WTO members at any given time. Many complaints are resolved without recourse to the WTO dispute settlement system.

During the past year, Canada made use of the dispute settlement provisions of the WTO to challenge a number of measures maintained by other members that Canada considers inconsistent with their international trade obligations. The most significant of these measures are the anti-dumping and countervailing duties that the United States has imposed on Canadian softwood lumber exports.

On January 8, 2003, a panel was established to hear Canada's challenge of the U.S. Department of Commerce's final determination of dumping. Canada considers the Department of Commerce's final determination to be inconsistent with the United States' WTO obligations under the Anti-dumping Agreement. The panel's final report is expected in the spring of 2004.

On May 7, 2003, a panel was established to hear Canada's challenge to the final determination of the U.S. International Trade Commission that a U.S. industry is threatened with material injury due to imports of softwood lumber from Canada. Canada considers that this final determination, and the resulting duties imposed on imports of Canadian softwood lumber, are WTO-inconsistent. The panel's final report is expected in the spring of 2004.

On August 29, 2003, the final report was released by a panel established to hear Canada's complaint against the United States regarding the U.S. Department of Commerce's final determination of subsidy with respect to certain softwood lumber from Canada. The panel's findings were subsequently appealed, and the Appellate Body released its report on January 19, 2004. Details can be found on the WTO dispute

settlement Web site (www.wto.org/english/tratop_e/dispu_e/dispu_e.htm), under document number 04 - 0145 or symbol WT/DS257/AB/R.

Also in August, a panel was established to hear a complaint by Canada, the United States and Argentina against the European Union's moratorium on the approval and marketing of biotech products. The complainants consider that these measures are inconsistent with the European Union's obligations under the Agreement on the Application of Sanitary and Phytosanitary Measures, the Agreement on Technical Barriers to Trade and the GATT 1994. The panel report is expected in the fall of 2004.

Canada was also a defendant in two cases. In March 2003, a panel was established to hear a U.S. complaint that certain actions of the Government of Canada and the Canadian Wheat Board, as well as some Canadian grain transportation policies, are WTO-inconsistent. The panel report is expected in the spring of 2004.

As well, an earlier U.S. and New Zealand challenge to Canada's dairy export pricing mechanism was resolved in May 2003, when the United States and New Zealand withdrew their requests for retaliation following the implementation of compliance measures by Canada.

The WTO Dispute Settlement Understanding is arguably the most effective system in existence for resolving disputes between sovereign states. Many believe, however, that it can be further improved. WTO members therefore agreed, at the fourth Ministerial Conference in Doha, to negotiate improvements and clarifications to the DSU by May 2003. Although members were unable to reach agreement by that date, the WTO General Council subsequently agreed in July to extend the deadline for DSU negotiations by one year to May 2004. Members also agreed to have the talks continue on the basis of the work already done, including a draft text produced by the chair and proposals by members.

In January 2003, Canada submitted a proposal to improve the DSU with respect to enhanced transparency, the protection of confidential information and the panel roster system. Canada will continue to build support for these proposals and will also work