

b) *Brazil – Export Financing Programme for Aircraft*

Under the *Programa de Financiamento as Exportacoes (PROEX)*, Brazil grants export subsidies in the form of interest rate equalization payments and export financing programmes to foreign purchasers of Brazil's Embraer aircraft. Canada and Brazil held consultations in 1996 and in 1998, but failed to resolve the matter. Canada alleged that the export subsidies under PROEX are inconsistent with Article 3 of the *Agreement on Subsidies and Countervailing Measures* (SCM Agreement). The Final Report was issued on March 12, 1999. The Panel found that Brazil's PROEX payments were inconsistent with the SCM Agreement and must be withdrawn within 90 days.

Brazil filed a notice of appeal of this decision on May 3, 1999. The appeal was heard on June 10, 1999. On August 2, 1999, the Appellate Body upheld the original panel findings. The ruling was adopted on August 20. The deadline for implementation of the ruling is November 18, 1999.

c) *European Communities – Measures Concerning Asbestos and Products Containing Asbestos*

On December 24, 1996, France enacted a decree prohibiting the manufacture, processing, sale and importation of asbestos and asbestos-containing products. Canada pursued but did not achieve a negotiated solution. Consultations were held on July 8, 1998, at the request of Canada. On November 25, 1998, following Canada's request, a panel was established. Brazil, the United States, and Zimbabwe reserved Third Party rights. Canada filed its first written submission on April 26, 1999. The first substantive meeting of the panel was held on June 1 and 2, 1999. On July 5, 1999, the panel announced its intention to seek expert scientific advice. The four experts are expected to provide their report on October 25, 1999. A second substantive meeting, and possibly a meeting with the experts, is scheduled for the week of November 22, 1999. The interim panel report is due on January 24, 2000, and the final report on March 27, 2000.

d) *European Communities – Measures Affecting Meat and Meat Products (Hormones)*

The European Communities (EC) banned the importation of animals and meat from animals, which have been administered certain growth promotion hormones. Canada alleged that the ban was inconsistent with Articles 2, 3 and 5 of the SPS Agreement, Article 2 of the TBT Agreement, Articles III or XI of GATT 1994, and Article 4 of the Agreement on Agriculture. The subject-matter of this dispute is identical to the U.S. complaint in which Canada made a Third Party representation.

On August 18, 1998, a WTO panel ruled in favour of Canada, finding the EC in violation of Articles 3.1, 5.1 and 5.5 of the SPS Agreement. On September 24, 1998, the EC appealed the panel report. The Appellate Body report, which was issued on January 16, 1998, substantially modified the panel report. The Appellate Body upheld the violation found by the Panel in respect of Article 5.1 but reversed the violations found by the panel in respect of Articles 3.1 and 5.5. The panel report, as modified by the Appellate Body, was adopted on February 13, 1998.

After negotiations between the EC, Canada and the United States failed to establish the