
appealed, but the WTO Appellate Body upheld the finding in a January 16, 2003, decision. The United States will have a reasonable period of time to comply with those findings.

U.S. Trade Remedy Investigations on Canadian Goods

In 2002, the U.S. initiated anti-dumping and countervailing investigations on two wheat products from Canada, durum wheat and hard red spring wheat. These investigations are ongoing. Also in 2002, U.S. authorities received a petition alleging dumping of cold-water shrimp from Canada. Following representations by the Canadian government to the U.S. Department of Commerce, the petitioners withdrew their complaint, which terminated the case. U.S. authorities also concluded their trade remedy investigations involving imports of tomatoes, mussels, wire rod and steel products into Canada. With respect to the anti-dumping investigation into tomatoes, the U.S. International Trade Commission found that tomato exports to the United States were not injurious to the domestic industry and terminated proceedings. The U.S. Department of Commerce terminated the anti-dumping investigation into mussels from Canada, after the petitioner withdrew the complaint. With regard to the anti-dumping and countervailing investigations into steel wire rod, the U.S. International Trade Commission, in making a final affirmative injury determination, confirmed the application of countervailing and anti-dumping duties on steel wire rod from Canada.

Finally, on March 5, 2002, President Bush announced that the United States would impose tariffs of up to 30% on a number of steel products, restricting offshore access for imports into the U.S. market. However, imports from Canada and Mexico were excluded from any restriction under the provisions of the North American Free Trade Agreement.

It is worth noting that the government continues to participate in the annual administrative reviews conducted by the U.S. Department of Commerce regarding the countervailing duties on Canadian magnesium. In addition, Canada is involved in the New Shipper Review for magnesium producer Magnola. Developments in NAFTA challenges, which have been launched as a result of duties

imposed on Canadian exports of magnesium to the U.S., are also monitored by the government.

Government Procurement

Canada will continue to press the United States to further open its procurement markets to Canadian suppliers. Currently, U.S. government exceptions under NAFTA Chapter 10 and the WTO Agreement on Government Procurement prevent Canadian suppliers from bidding on a broad range of government contracts in sectors of key importance. Especially onerous are the set aside programs for small and minority-owned businesses and the Buy America provisions. In addition, both longstanding and ad hoc legislative provisions, as well as conditions attached to funding programs, impede access for Canadian suppliers. The need for progress in both assuring and improving access for Canadian suppliers at the U.S. federal, state and local levels remains a key issue for provincial governments in determining whether to offer to open Canadian provincial and local government markets.

Small Business Set-Asides

The Canadian government remains concerned about the extensive and unpredictable use of exceptions under NAFTA Chapter 10 and the WTO Agreement on Government Procurement for small business set-asides. Canadian suppliers face the ever-present possibility that government markets that they have successfully developed and supplied may be closed through the application of the set-aside exception. The definition of a U.S. small business varies by industry, but it is typically an entity with fewer than 500 employees in a manufacturing firm (of up to 1,500 employees in certain sectors) or annual revenues of up to US\$17 million for services firms—determined by NAICS (North American Industry Classification System) code. U.S. federal departments and agencies are not meeting their target of awarding 23% of contract dollars to small business. This has resulted in new directives on enforcement of the existing programs and may lead to pressure to create new programs. In addition, the U.S. government requires contractors and major subcontractors on projects worth more than US\$500,000 to include plans to subcontract work to U.S. small business. Canada is concerned that the use of such subcon-