
XII.

CANADIAN RESPONSES TO U.S. BARRIERS

Canada defends its interests with respect to U.S. trade barriers through representations, negotiations, consultations and dispute settlement proceedings on a bilateral basis or multilaterally through international trade agreements such as the NAFTA and the WTO. Throughout the year, Canada monitored the implementation of specific U.S. regulations which were required to give effect to the various provisions negotiated in the NAFTA. The NAFTA improves upon the terms of the FTA and provides for the discussion of further progress on trilateral trade issues through the establishment of more than 30 NAFTA Committees and Working Groups in such areas as technical standards, rules of origin and government procurement. The Working Groups on Anti-dumping and Subsidies/Countervailing Duties, for example, provide an opportunity to negotiate improved disciplines on the use of trade remedy measures. There is also an ongoing work program under the WTO, including multilateral negotiations on services and government procurement.

Regular bilateral consultations at the level of Ministers or officials to address individual trade problems have been instrumental in preventing issues from escalating into full-blown disputes or in resolving them when they do. The dispute settlement provisions of both the WTO and the NAFTA provide a last resort when negotiations and consultations fail. Canada has made aggressive and effective use of the dispute settlement provisions to protect Canadian trade interests as will be seen from the list of panel proceedings below.

Canadian Actions under the Free Trade Agreement

The following are the binational panels that have been established at Canada's request under the FTA since January 1, 1989.

Chapter 18 Panels

Minimum Size Requirements for Imported Lobster:

Established in January 1990, the panel upheld the U.S. minimum size requirements imposed on imported live lobster.

Non-Mortgage Interest as Territorial Content in the FTA Rules of Origin:

Established in January 1992, the panel upheld the Canadian challenge of the U.S. interpretation of the treatment of non-mortgage interest in the FTA rules of origin. The United States amended its interpretation accordingly.

UHT Milk:

Established in March 1993, the panel agreed that Canadian interests have been damaged by closing the market in Puerto Rico to UHT milk from Quebec and recommended that an equivalency study of milk production standards be conducted. The study is still in process.