

To increase business opportunities for Canadian exporters, Canada supports a range of activities in the WTO to broaden and strengthen government procurement disciplines. A review of the AGP is under way, and is expected to lead to negotiations in 1998. Canada wishes to see these negotiations focus on increased security of market access, elimination of discriminatory measures and practices, expansion of coverage, and simplification and improvement of the procedural obligations of the Agreement. The new Working Group on Transparency in Government Procurement made significant progress in 1997, and is expected to begin negotiations on an agreement this year. This represents an important first step for introducing multilateral disciplines in transparency in government procurement for all WTO members, and should help create a more level playing field in government procurement markets. Discussions are continuing in the context of the GATS to determine the scope for including government procurement disciplines under this Agreement.

TRADE REMEDIES

Canada continues to seek to improve the discipline, transparency and clarity of the use of trade remedies by its trading partners, to ensure that Canadian exporters have a stable and predictable climate in which to do business. This is particularly important now that, following the Uruguay Round, countries that previously relied on more traditional measures of protection from imports such as quotas and high tariffs, have begun to conduct trade remedy investigations. For example, in 1997, India, Indonesia and the People's Republic of China all initiated anti-dumping duty investigations against Canadian newsprint exports; this was the first use of trade remedies by these countries against Canada. Furthermore, it was the first use of trade remedies by China against any country. Canada will also continue to closely monitor investigations involving Canadian exports, scrutinize changes in the trade remedy laws and practices of Canada's most important trading partners, and make representations on individual investigations, as appropriate, to ensure that WTO obligations are enforced. Also, Canada will continue to contribute to the work of the WTO Committees on Subsidies and Countervailing Measures, Anti-Dumping Practices, and Safeguards, to ensure that all members administer their trade remedy legislation in a WTO-consistent manner. Finally, Canada will

continue to pursue the possibilities for greater trade remedy reform within free trade areas, as markets become more integrated.

DISPUTE SETTLEMENT

The WTO dispute settlement system continues to demonstrate that it is one of the most significant achievements of the Uruguay Round. Improved rules, including quasi-automaticity in the establishment of panels and in the adoption of panel reports, as well as the newly established Appellate Body, contribute to making the WTO Dispute Settlement Understanding (DSU) a success. The fact that over 100 disputes, regarding some 80 distinct matters, have been launched in the WTO in three years of operation is testimony to the level of confidence that WTO members have in the improved dispute settlement mechanism. Although the system is being used extensively, it remains effective and efficient. The fact that many disputes have been settled before going to the panel stage shows that the WTO is capable of settling trade disputes between members, including some of the most sensitive ones.

Canada will continue to use the WTO dispute settlement mechanism whenever it is necessary to ensure that our exporters do not face barriers inconsistent with the WTO agreements. Canada has thus been a complainant in nine cases under the DSU, and has joined other members' consultations, or has intervened in panel proceedings, in some 30 other cases.

In January 1998, Canada reached an agreement with Japan on the implementation of a panel's recommendations that had ruled that Japanese liquor taxes discriminated against imports in a manner inconsistent with Japan's obligations under the WTO. This agreement, which includes compensation for the longer-than-normal implementation period for the liquor tax-rate adjustment, will result in duty-free market access in Japan by April 2002 for Canadian-produced distilled spirits.

On February 13, 1998 the Dispute Settlement Body (DSB) adopted the panel and Appellate Body reports, which found that the EU ban on beef produced with growth-promoting hormones violated the EU's WTO obligations. Canada will closely monitor the EU's implementation of the panel and Appellate Body recommendations. The final report of the panel regarding our complaint against the Australian ban