



### *Trade Remedies*

Canada continues to regard fundamental reform and the eventual elimination of trade remedy measures within North America as a priority objective. Consistent with the government's priority of resolving trade remedy issues with the United States, the Prime Minister and the presidents of the United States and Mexico agreed to establish two working groups on dumping and subsidies/countervailing duties under the NAFTA three years ago. The working groups were tasked to seek solutions that would reduce the possibility of disputes concerning subsidies, dumping and the operation of trade remedy laws regarding such practices and were instructed to complete their work by December 31, 1995.

Trade law reform is a politically charged issue in the United States and there continues to be no consensus on treating Canada preferentially. In the context of the working groups, U.S. officials indicated that while they were unwilling to change their trade laws, they were willing to explore improvements to regulatory and administrative procedures governing the application of trade remedy measures. It is in these procedural areas that Canadian efforts in the working groups were focussed.

In keeping with its long-term objective of seeing the elimination of trade remedies within North America, Canada is taking steps to demonstrate, through example, the benefits of change. In this context, Canada and Chile agreed to exempt each other from the application of anti-dumping measures in the recently concluded Canada-Chile Free Trade Agreement. In addition, Canada is still pursuing discussions with Mexico on the issue of trade remedy reform. Canada plans to renew its efforts to increase, over time, awareness throughout North America of the inappropriateness of the use of trade remedies within an integrated market.

### *Electricity*

The U.S. electricity market is undergoing deregulation, restructuring and transformation to accommodate both wholesale and retail competition. The intent of the U.S. Federal Energy Regulatory Commission is to make competitive access reciprocal, that is, Canadian utilities seeking to participate in the U.S. market would also have to open their own provincial transmission lines to American utilities and other Canadian

electricity generators. Canadian officials will promote fair and competitive access by Canadian participants to the U.S. electricity market. Congress is expected to give priority in 1997 to further electricity deregulation at the retail (household) level with the introduction of comprehensive competition legislation concerning electric utilities. Canada is closely monitoring possible legislative changes.

### *Improving Access for Trade in Services Financial Services*

Canada is closely monitoring recent initiatives in the United States aimed at modernizing that country's financial services sector. In particular, Canada would like to see changes made to permit cross-ownership in the banking, insurance and securities sectors. With respect to the cross-border provision of services, Canada wishes to see a more level playing field in the securities sector. Under the NAFTA, Canada, Mexico and the United States are committed to revisiting this issue by 2000.

### *Telecommunications*

Following the conclusion of the Group on Basic Telecommunications (GBT) negotiations at the WTO, the United States has committed to allowing 100% foreign ownership in all basic telecommunications services, on the basis of 20% direct investment, and unlimited indirect investment. As a result of the agreement, Canadian firms will now have full access to the U.S. market for the provision of basic telecommunications services, and the use of reciprocity tests by the Federal Communications Commission (FCC) will be severely restrained. The United States has excluded Direct-to-Home (DTH) and Direct Broadcast Satellites (DBS) telecommunications services from its commitments, since many other WTO members were not making commitments for these services. The United States has also taken an exemption to the most-favoured-nation obligation for DTH and DBS telecommunications services. Foreigners wishing to supply DTH and DBS telecommunications services to the United States will continue to be subject to existing U.S. rules and licensing procedures, including the reciprocal access "ECO Test", that is, the status quo remains.

Canada will closely monitor the U.S. implementation of its WTO commitments, in particular, the ability of the FCC to apply its public interest tests. Canada will