



Canadian aerospace, as well as other, industries. A separate Panel will report on Brazil's complaint, also in mid-March.

Canada is currently responding to a complaint by the United States regarding export subsidies allegedly granted by Canada on dairy products and the administration by Canada of the tariff-rate quota on milk. The same panel is also hearing a challenge by New Zealand against Canada in respect of an alleged dairy export subsidy regime. A panel has also been requested by Japan and the European Commission (EC) concerning Canadian measures taken in the implementation of the Autopact. The EC has also requested a panel alleging that Canada is violating WTO standards for intellectual property protection by allowing an exception for pharmaceutical patent protection. On December 1, 1998, Canada requested consultations of the EU supplementary protection certificate (SPC) system for pharmaceutical and agricultural chemical products. Consultations with the EU were held on January 8, 1999. Canada is considering its next steps.

Canada actively follows the development of trade disputes involving other WTO Members and joins in whenever our trade interest or systemic interest in the WTO warrant our intervention. Canada has reserved third-party rights to present arguments to panels and the Appellate Body, such as in the complaints against Korea and Chile concerning taxes on alcoholic beverages.

A review of the Dispute Settlement Understanding is currently underway. With a view to further strengthening this keystone of the multilateral trading system, Canada is actively engaged in the review and has proposed refinements in the following areas: enhancing transparency in the system; improving mechanisms for implementing DSB recommendations and rulings; and ensuring the dispute settlement system is accessible to all Members.

Accessions to the World Trade Organization

Over the past year, accession negotiations were concluded between WTO Members and two countries, the Kyrgyz Republic and Latvia. The WTO now counts these countries among its 134 Members. A further 30 countries and customs territories have applied to join. China, Chinese Taipei (Taiwan),

Russia, Saudi Arabia, Ukraine, Estonia, Lithuania and Vietnam are among approximately 20 applicants with which active negotiations are proceeding. As in previous years, in 1999 Canada will continue to take an active role in accession negotiations. Canada supports the expansion of WTO membership for two reasons:

- to secure more open, non-discriminatory and predictable access for Canadian exports of goods and services to these markets; and
- to achieve transparent, rules-based trade regimes in additional markets, thus contributing to economic stability and prosperity more broadly.

The negotiations take place on two parallel tracks — multilateral and bilateral. For each accession, a WTO Working Party comprising interested WTO Members examines the applicant's trade regime and identifies the reforms required to achieve conformity with WTO rules. By participating in Working Party deliberations, Canada satisfies itself that the accession will bring about more predictable, less discretionary trading conditions in the applicant's market.

In bilateral market access negotiations, Canada focuses on obtaining the reduction or elimination of tariffs and NTBs affecting access for goods that are of current or future export interest to Canadian companies. These include agricultural, fish, resource and industrial products. Canada expects applicants to bind their tariff commitments; to provide non-discriminatory access (for example, in the oilseeds sector); and to join the various zero-for-zero and harmonization initiatives developed by WTO Members, including the Information Technology Agreement. With the devolution of the tariff elements of the "Early Voluntary Sectoral Liberalization" (EVSL) initiative to the WTO from APEC, we will also pursue our EVSL priorities in bilateral accession negotiations. Similarly, Canada aims at achieving better access in sectors targeted by services firms, by seeking binding commitments in the four "modes" of services trade: cross-border supply of services, consumption abroad, commercial presence and the movement of persons.

Accession negotiations offer a unique opportunity to resolve Canadian market access problems in the applicants' markets.