

goods for export. Consumers benefit from this heightened competition and integrated marketplace with better prices, greater choice of products and higher-quality goods and services.

Improved access to NAFTA markets, and the existence of clear rules on trade and investment, have increased Canada's attractiveness to foreign and domestic investors. Total FDI into Canada reached \$217 billion in 1998, 68 percent of which comes from our NAFTA partners. FDI into Canada from the United States increased for a fifth straight year to \$147 billion in 1998, while investment from Mexico reached \$464 million in 1998, over three times that of 1993. Canadian direct investment in the NAFTA countries has also increased, reaching \$126 billion into the United States in 1998, almost twice that of 1993, and \$2.2 billion into Mexico, four times the 1993 level.

Institutionally, the implementation of the NAFTA is directed by the NAFTA Commission, composed of the trade ministers from each country. The Commission oversees the work of more than 30 trilateral committees, working groups and other subsidiary bodies established to further facilitate trade and investment and ensure effective implementation and administration of the NAFTA's rules. The NAFTA working groups and committees also provide a transparent mechanism for discussion of issues and possible avoidance of disputes through early dialogue on contentious points.

At the most recent Commission meeting in April 1999, ministers completed an operational review to examine the structure, mandates and future priorities of the NAFTA work program, which was launched in 1998. The review succeeded in reinvigorating the ongoing institutional implementation of the NAFTA and embedded a management structure to better oversee cooperative efforts under the NAFTA regime. The Commission meeting also provided an opportunity to evaluate the impact of the NAFTA over its first five years and provide direction on the way forward.

Ministers from the three NAFTA Parties also agreed at the Commission meeting to engage in outreach and promotional activities in an effort to better communicate the benefits of the NAFTA. As part of this effort, DFAIT launched a revamped NAFTA website (<http://www.dfait-maeci.gc.ca/nafta-alena/>) and published a document that reviews the impact of the NAFTA on Canada, entitled *The NAFTA at Five Years: A Partnership at Work*.

Settling Disputes under NAFTA

The vast majority of our trade and investment with the United States and Mexico now takes place within the context of the clear and well-established rules of the NAFTA. Nonetheless, disputes are bound to emerge in such a large trading area. In such cases, the NAFTA provides a vehicle for the governments concerned to resolve their differences through NAFTA committees and working groups, or through other consultations. If no mutually acceptable solution can be found, the NAFTA provides for expeditious and effective dispute settlement procedures. Where WTO rights and obligations are at issue, NAFTA Parties also maintain the option of recourse to WTO dispute settlement procedures as an alternative to the NAFTA procedures.

Chapter 20 includes provisions relating to the avoidance or settlement of disputes regarding the interpretation or application of the NAFTA, except for matters covered under Chapter 19. There are also separate dispute settlement provisions for matters under Chapters 11 (Investment) and 14 (Financial Services). Chapter 19 of the NAFTA provides a unique system of binational panel review as an alternative to judicial review for domestic decisions regarding anti-dumping and countervailing duty matters.

From November 1998 to November 1999, no new requests were made under Chapter 19 for review of decisions of Canadian agencies in anti-dumping or countervailing duty cases. Two requests were made by Canadian producers for review of decisions of U.S. agencies (flat corrosion-resistant carbon steel and cut-to-length carbon-steel plate). Six other cases involving either Canadian goods or agencies remain active: four involving a Canadian agency's determination (hot-rolled carbon steel plate from Mexico; and baby food, cold-reduced flat-rolled carbon steel sheet, and copper pipe fittings from the United States); and two involving a U.S. agency's decision (flat corrosion-resistant carbon steel and brass sheet and strip). Two anti-dumping cases were also completed during the period, one involving the review of a Mexican agency's determination on rolled-steel plate from Canada, requested in 1996, and the other involving the review of a U.S. agency's determination on flat corrosion-resistant carbon steel from Canada, requested in 1997.