

measures for small New York breweries, for instance, is equivalent to a tax rebate of over \$17 per barrel of beer. Canadian brewers and wineries shipping to the United States must compete against such subsidies.

## **XII. CANADIAN RESPONSES TO U.S. BARRIERS**

Canada defends its interests with respect to U.S. trade barriers through negotiations, consultations and dispute settlement proceedings.

The recently implemented North American Free Trade Agreement improves upon the terms of the FTA and provides for the development of new liberalizing measures through further negotiations on government procurement and through the establishment of numerous working groups on technical standards and other matters. In addition, the Working Groups on Antidumping and Subsidies/Countervailing Duties established under the NAFTA provide an opportunity to negotiate improved disciplines on the use of trade remedy measures. Still other barriers will be addressed when the results of the Uruguay Round of GATT negotiations are implemented.

Negotiations are complemented by regular bilateral consultations at the level of Ministers or officials to address individual trade problems. These interventions 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 GATT 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.