

technical regulations, voluntary standards, and conformity-assessment procedures that determine whether a product meets the requirements of a particular regulation or standard.

The WTO Agreement on Technical Barriers to Trade (TBT) defines the international rights and obligations of members with respect to the development and application of standards-related measures that affect trade. The Agreement is based on the principle that countries have a right to adopt and apply standards-related measures, as long as these do not restrict international trade more than is necessary. TBT-related disagreements are subject to WTO dispute settlement provisions. Canada was one of the first countries to initiate a WTO TBT-related dispute, successfully challenging unfair French regulations dealing with labelling of scallops.

Canada promotes wide acceptance of, and adherence to, the TBT Agreement and Code of Good Practice (which applies to voluntary standards). For example, Canada has successfully pressed for foreign eco-labelling programs to follow TBT Code provisions. Under the WTO TBT Agreement, Canada will continue to facilitate access to markets by pressing for the removal of unnecessary standards-related trade barriers, and thus lower costs to producers and exporters. Improving transparency, promoting regulatory reform, aligning or harmonizing standards internationally and with trading partners, and negotiating mutual recognition agreements (MRAs) on conformity assessment are current activities directed to these ends. Canada was an active participant in the 1997 TBT triennial review, focussing on practical issues of direct interest to Canadian exporters.

Sanitary and Phytosanitary Measures

The WTO Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures recognizes the right of members to take SPS measures necessary for the protection of human, animal or plant life or health, and sets out disciplines designed to prevent the use of SPS measures as disguised barriers to trade. The WTO Committee on Sanitary and Phytosanitary Measures facilitates the enhancement of food safety and SPS conditions internationally, promotes the harmonization and equivalence of SPS measures, and facilitates technical co-operation and consultations. The Committee is to review the operation and implementation of the Agreement three years after its entry into force. This review will begin in March 1998.

Since the implementation of the Agreement, Canada has twice used the WTO dispute settlement provisions to challenge the legitimacy of SPS measures taken by our trading partners. One challenge involved our exports of beef to the European Union (EU), and the other, our exports of fresh, chilled and frozen salmon to Australia.

Rules of Origin

The Uruguay Round WTO Agreement on Rules of Origin has established a work program to develop a common set of non-preferential rules of origin that would have general application in determining the origin of traded goods. Negotiations on these new rules have intensified as the deadline of July 1998 draws near. Canada's goal is to achieve harmonized, non-preferential rules of origin that provide greater certainty for the trading community, that are trade neutral, and that reflect the global nature of production and sourcing of goods and materials. The new rules are being negotiated by the WTO's technical committee on rules of origin, operating on the results of a three-year technical examination.

IMPROVING ACCESS FOR TRADE IN SERVICES

The WTO's General Agreement on Trade in Services (GATS) represents the first multilateral, legally enforceable framework governing trade in services, and has been in effect since the WTO came into force in 1995. In 1997, WTO members concluded agreements that brought two key sectors — financial services and basic telecommunications services — permanently under the GATS framework. The successful results in these sectors will bring important benefits not only to Canadian service providers, but also to other Canadian exporters who rely on efficient, competitively priced telecommunications and financial services to market and sell goods and services abroad. As well, WTO members made further progress on improving access for providers of professional services. In 1998, Canada will continue its preparations for the next round of comprehensive services negotiations, which are to begin by the year 2000, with the objective of achieving further improved access for Canadian service providers.

Financial Services

Canada participated in the WTO financial services negotiations, which concluded successfully on