

access for Canadian suppliers to the markets of the United States, the European Union, Japan and other key markets. NAFTA provides further access for Canadian exporters to U.S. and Mexican government procurement.

Foreign Affairs and International Trade is undertaking a series of consultations with stakeholders to determine how best to approach government procurement in various negotiating fora. The initial stage of these consultations is focussed on establishing the methodology for determining Canadian priorities in selling to foreign governments (types of products, markets, etc.) for use in developing the Canadian position in upcoming negotiations in the WTO and FTAA. Views are also being sought on a potential WTO agreement on transparency in government procurement; simplification of the AGP; and, the framework of a FTAA procurement agreement. Through the recently established EU Action Plan, Canada will continue to work with our counterparts in Europe to seek progress in removing barriers to selling to governments worldwide and we are working with our EFTA counterparts to determine the feasibility of opening government procurement markets as part of a Canada-EFTA FTA. We will also continue to seek progress on the development of non-binding procurement principles for APEC member countries.

### **Electronic Commerce**

The use of electronic commerce will be one of the most important factors in the expansion of trade flows in the 21st century. Both the WTO and the FTAA have launched year-long work programs to examine trade-related aspects of electronic commerce. In the case of the WTO, the key issue is the extent to which disciplines provided under current trade agreements address issues arising from the use of electronic commerce. In the case of the FTAA, the key issue is how to deal with electronic commerce in the context of the FTAA negotiations. The Government will be consulting with Canadians on the development of a trade policy that facilitates global electronic commerce.

### **Dispute Settlement**

Canada considers the Dispute Settlement Understanding (DSU) to be one of the most important outcomes of the Uruguay Round. The DSU is rightly viewed as a cornerstone of the WTO.

It sets out a fair, effective and credible dispute settlement system accessible to all Members. With new rules for the automatic establishment of panels and for the adoption of panel reports, and the creation of the Appellate Body, the DSU reinforces the rule of law and thereby contributes to strengthening the rules-based multilateral trading system. Members' confidence in the system has grown, as evidenced by the number of cases brought forward and by the proportion of these being settled at the consultation stage.

Canada will continue to use the WTO dispute settlement mechanism wherever necessary and appropriate to ensure that our exporters do not face barriers inconsistent with WTO agreements. Canada has been one of the most active users of the WTO dispute settlement system and to date has been a complainant in 6 cases under the DSU and has joined other Members' consultations, or has intervened in panel proceedings, in 30 other cases.

Recently, Canada has used the Dispute Settlement process to advance Canadian interests in the fishing, mining and aerospace sectors. On November 6, 1998, the Dispute Settlement Body (DSB) adopted the Panel and Appellate Body reports confirming that Australia's ban on the importation of fresh, chilled or frozen salmon from Canada is inconsistent with Australia's WTO obligations. Specifically the reports found that the ban, in place since 1975 is not based on a risk assessment and is maintained without scientific evidence. Canada is also challenging France's prohibition of the manufacture, processing, sale and importation of asbestos and asbestos-containing products.

Further details on specific disputes can be found in the appropriate country chapter.

Canada has challenged the Brazilian export subsidy PROEX under the WTO Subsidies and Countervailing Measures Agreement. The Panel's decision is due in mid-March of this year. PROEX, under its "interest equalization" component, provides for the payment of subsidies to reduce financing costs for Brazilian exports. While PROEX applies to a wide range of exports of Brazilian goods and services, Canada's complaint relates to the application of PROEX in the aircraft sector. Brazil has, in return, challenged various Canadian programs that support the