

## GETTING THE INTERNATIONAL RULES RIGHT: THE WORLD TRADE ORGANIZATION

adoption of panel reports. But more importantly, beyond providing a process for challenging alleged trade barriers, the World Trade Organization encourages Members to resolve disputes through consultations. Indeed, many disputes are settled at the consultation stage without ever reaching the panel stage. The Dispute Settlement Body (DSB), composed of representatives of all WTO Members, is responsible for administering the DSU.

While the DSU rules and procedures for settling disputes are a major improvement over those that existed under the old GATT, that is not to say that they cannot be further improved. The months following the WTO Ministerial Conference in Seattle (December 1999), Canada played a leading role in trying to improve and clarify the DSU, in particular, the process to be followed when Members disagree on the WTO-consistency of measures taken to comply with panel rulings and the rules governing the right of Members to suspend concessions in response to non-compliance with WTO rulings. This work will continue throughout 2001.

Canada has used the WTO dispute settlement provisions on many occasions to defend our trade interests. Since the World Trade Organization came into force in 1995, Canada has been a complainant in seven cases and has joined other Members' consultations or intervened as a third party in panel proceedings in over 30 cases. During the same period, Canada defended Canadian measures in the World Trade Organization on seven occasions, including most recently the Auto Pact, certain aspects of Canada's pharmaceutical patent regime, certain measures affecting the export of civilian aircraft and measures affecting the importation of milk and the exportation of dairy products.

During the past year, Canada successfully challenged the implementation by Australia of an earlier WTO ruling concerning the importation of fresh, chilled and frozen salmon. The compliance panel agreed with Canada that Australia's new measures for the importation of salmon were still more trade restrictive than necessary, in violation of Australia's WTO obligations. Following the panel decision, Canada and Australia negotiated an agreement which reopened the Australian market to fresh, chilled and frozen Canadian salmon subject to certain certification and packaging requirements.

Canada also successfully challenged Brazil's implementation of an earlier WTO ruling concerning its export financing program on aircraft which was found to be in violation of the Agreement on Subsidies and Countervailing Measures. On May 9, 2000, a compliance panel ruled that Brazil had not properly implemented the rulings. On August 28, 2000, a WTO Arbitrator Panel ruled that Canada would be justified in imposing countermeasures up to the level of \$344.2 million annually in response to Brazilian non-compliance. On December 12, following the breakdown of bilateral negotiations, Canada requested and received WTO authority to impose countermeasures on Brazil up to the level set by the Arbitration Panel. Also on that date, Brazil announced revisions to PROEX that it claimed bring the program into compliance. On February 16, 2001, at Canada's request, the World Trade Organization established a panel to examine whether the recent revisions do, in fact, bring PROEX into compliance with that country's WTO obligations.

A WTO panel was established on September 11, 2000, to hear Canada's complaint that the U.S. treatment of export restraints in countervailing duty investigations is contrary to U.S. obligations under the Agreement on Subsidies and Countervailing Measures.

Finally, Canada also challenged before the WTO the decree banning asbestos in France. On September 18, 2000, a Panel concluded that the French decree was in conformity with the WTO agreements. The Appellate Body upheld this conclusion in its report issued on March 12, 2001.

### Accessions to the World Trade Organization

Canada continues to play an active role in the WTO accession process:

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

Over the past year, Canada has been active in negotiating the accessions of close of 30 applicants. In 2000, six countries, Albania, Croatia, Georgia, Jordan, Lithuania and the Sultanate of Oman, successfully acceded to the World Trade Organization, increasing the number of WTO Members to 141.