

On January 8, 2003, a panel was established to hear Canada's challenge of the U.S. Department of Commerce's final determination of dumping. Canada believes that the Department of Commerce's final determination is inconsistent with the United States' WTO obligations. A decision is expected in the fall of 2003.

Canada also joined a number of countries (i.e. European Community countries, Australia, Brazil, Chile, India, Indonesia, Japan, Korea, Mexico and Thailand) in challenging a U.S. law entitled the Continued Dumping and Subsidy Offset Act of 2000 (Byrd Amendment). A panel was established in September 2001. In its report of September 16, 2002, the panel concluded that the Byrd Amendment is inconsistent with the WTO Anti-Dumping and Subsidies and Countervailing Measures agreements and therefore should be removed. On October 18, 2002, the United States appealed this report. On January 16, 2003, the WTO Appellate Body upheld the panel's finding that the Byrd Amendment is inconsistent with certain provisions of the WTO agreements on anti-dumping and on subsidies and countervailing measures.

In 2002, we saw an end to existing WTO litigation between Canada and Brazil over export financing for regional aircraft. The most recent WTO panel found that Export Development Canada's Corporate and Canada Accounts, as well as the programs of Investissement Québec, are WTO-compliant in principle. That panel found, however, that Canada's financing of a transaction with Air Wisconsin contravened WTO rules on export subsidies, notwithstanding that Canada had matched a subsidized financing offer from Brazil. The panel also found four smaller transactions to be in violation of the export subsidy rules. Brazil subsequently received authorization from the WTO to impose against Canada trade retaliation of up to \$385 million, far less than either the \$5.2 billion Brazil had requested or the \$2.1 billion awarded to Canada as a result of Brazil's violations. Both countries have publicly said that they do not plan to retaliate, preferring instead to negotiate a permanent resolution to this dispute.

Accessions to the World Trade Organization

Canada continues to play an active role in the WTO accession process. In this regard, our goals are twofold:

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

As stated earlier, the WTO now has 145 members, with China, Chinese Taipei, Lithuania, Moldova and Armenia among the most recent members. The accession package of the former Yugoslav Republic of Macedonia (FYROM) is pending, subject to national ratification. FYROM will legally become a member 30 days after it has notified the WTO Secretariat of the completion of its ratification procedures. It is hoped that the accession working party for Cambodia, having moved into the final phases of its accession process, will notify Cambodia's terms of accession by the fifth WTO Ministerial Conference in September 2003, which would make Cambodia the first least-developed country (LDC) to join the WTO since 1995.

Over the past year, Canada has been active in accession negotiations with many of the applicants, including Russia, Saudi Arabia, Ukraine and Vietnam. As well, Canada has been working actively with other members to facilitate LDC accessions, recognizing that accession would help LDCs in their development efforts and transition to fully participating members of the world trading system. Membership is also seen to provide greater momentum and support for trade liberalization and the multilateral trading system more generally. Efforts by members have been heightened following the commitment made in Doha to facilitate and accelerate negotiations with acceding LDCs.