

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-concluded 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. Still other barriers are being addressed in the Uruguay Round of GATT negotiations.

Negotiations are complemented by regular consultations to address individual trade problems, through meetings at the level of officials or of ministers, including in particular the Canada-U.S. Trade Commission. 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 FTA provide a last resort when negotiations and consultations fail. Canada has made aggressive and effective use of these provisions, 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 instigated at Canada's request under the Free Trade Agreement since January 1, 1989.

Chapter 18 Panels

- **Minimum Size Requirements for Imported Lobster:**
Established in January 1990, this panel upheld the U.S. minimum size requirements imposed on imported live lobster.
- **Non-Mortgage Interest as Territorial Content in the FTA Rules of Origin:**
Established in January 1992, the panel upheld the Canadian challenge of the U.S. interpretation of the treatment of non-mortgage interest in the FTA rules of origin.