

American economy. Canadian manufacturers are able to access tariff free, high-quality intermediate goods from across North America in the production of final goods for export. Consumers benefit from this heightened competition and integrated marketplace with better prices, greater choice of products and higher-quality goods and services.

The period since the implementation of the NAFTA was also marked by an impressive increase in trade in services among the three countries. In 1998, Canada's trade in services with the United States and Mexico was approximately \$64 billion, from a level of \$43 billion in 1993 (an average annual growth of 8.4 percent). Over the same period, the two-way services trade between Canada and Mexico has grown at an impressive annual rate of 10.8 percent, to reach just over \$1 billion in 1998. Our services trade with the United States has reached \$72.8 billion in 2000, from \$42.3 billion in 1993. In terms of Canada's total services exports, 59 percent go to our NAFTA partners.

Improved access to NAFTA markets, and the existence of clear rules on trade and investment, have increased Canada's attractiveness to foreign and domestic investors. Total foreign direct investment into Canada reached \$240 billion in 1999, more than 72 percent of which comes from our NAFTA partners. Foreign direct investment into Canada from the United States increased to \$173 billion in 1999, while investment from Mexico reached \$500 million, over three times more than in 1993. Canadian direct investment in the NAFTA countries has also increased, reaching \$134 billion into the United States in 1999, almost twice that of 1993, and \$2.8 billion into Mexico, more than five times the 1993 level.

Institutionally, the implementation of the NAFTA is directed by the NAFTA Commission, composed of the trade ministers from each country. The Commission oversees the developments and progress made in the work program of the more than 30 NAFTA committees and working groups which ensure the effective implementation of the NAFTA. The Work Program, along with each committee or working group mandate and priorities are available at www.dfait-maeci.gc.ca/nafta-alena/revchart-e.asp

Day-to-day management of the NAFTA work program, and of the implementation of the Agreement more broadly, is carried out by the

NAFTA Co-ordinators – the three senior trade department officials designated by each country.

The NAFTA working groups and committees also provide a transparent mechanism for discussion of issues and possible avoidance of disputes through early dialogue on contentious points.

Settling Disputes under NAFTA

The vast majority of our trade and investment with the United States and Mexico now takes place within the context of the clear and well-established rules of the NAFTA. Nonetheless, disputes are bound to emerge in such a large trading area. In such cases, the NAFTA provides a vehicle for the governments concerned to resolve their differences through NAFTA committees and working groups, or through other consultations. If no mutually acceptable solution can be found, the NAFTA provides for expeditious and effective dispute settlement procedures. Where WTO rights and obligations are at issue, NAFTA Parties also maintain the option of recourse to WTO dispute settlement procedures as an alternative to the NAFTA procedures.

Chapter 20 includes provisions relating to the avoidance or settlement of disputes regarding the interpretation or application of the NAFTA, except for trade remedy matters covered under Chapter 19. Chapter 19 of the NAFTA provides a unique system of binational panel review as an alternative to judicial review for domestic decisions regarding anti-dumping and countervailing duty matters. There are also separate dispute settlement provisions for matters under Chapters 11 (Investment) and 14 (Financial Services).

From November 1999 to November 2000, four requests for panel review were filed under Chapter 19 of the NAFTA for review of decisions made by Canadian agencies involving anti-dumping or countervailing duty matters. These are: Iodinated Radiographic Contrast Media (dumping and injury), Household Appliances (dumping and injury).

As well, eight requests for panel review of decision made by the United States agencies involving Canadian products were filed: Live Cattle (CVD), Live Cattle (Injury), Cut-to-Length Steel (AD), Corrosion-Resistant Steel (AD), Pure Magnesium, Pure & Alloy Magnesium, Corrosion-Resistant Carbon Steel and Magnesium (five-year review).