



In the coming year, Canada and other WTO members will develop and work to set out an extensive, substantive work program on investment. Canada expects initial work will include examinations of the relationship between trade and investment; the effects of investment on the economic structure of both home and host economies, as well as the effects of investment on economic development; and the international competition for investment, including the changing patterns and determinants of investment flows.

2.6 Trade and Competition Policy

Canada is a strong proponent of more international work on trade and competition in a number of bilateral, regional and multilateral fora. Consequently, Canada supported the initiative at the WTO Ministerial Conference in Singapore to establish a working group to study issues raised by members relating to the interaction between trade and competition policy, including anti-competitive practices, with a view to identifying any areas that may merit further consideration in the WTO framework. Through this work, Canada seeks to promote appropriate disciplines to ensure that public and private anti-competitive practices are not permitted to replace governmentally-imposed trade barriers.

2.7 Dispute Settlement

Canada benefits from the strengthened WTO dispute settlement mechanism resulting from the Uruguay Round. Major improvements to the old GATT system of dispute settlement ensure that complaints about unfair trade practices proceed toward resolution according to a clearly established schedule. The WTO's Dispute Settlement Body can establish panels to resolve disputes, adopt panel reports and appeals, oversee the implementation of rulings and recommendations, and authorize the suspension of trade concessions and other obligations. A standing appellate body hears appeals from panel cases to ensure consistency in all rulings. As well, it is no longer possible for a single member to block a decision that is unfavourable to it. This system is based on the rule of law and gives small and medium-sized countries a better chance of achieving a satisfactory outcome against larger, more powerful countries by providing protection against unrestrained use of economic leverage.

Canada has made use of the dispute settlement procedures on behalf of Canadian exporters facing barriers that are inconsistent with another member's WTO obligations. As of March 1997, Canada is the complainant in a case before a WTO panel concerning the EU's ban on imports of meat derived from livestock treated with growth-promoting hormones, and Canada has requested a panel on Australia's import ban on uncooked salmon. Canada is also the complainant in a suspended case concerning EU regulations on cereals. Canada has also reserved third-party rights with respect to five other cases for which panels have been established or requested (including the U.S. Helms-Burton Act).

In addition, Canada is the complainant in consultations on Brazil's aircraft export financing program (PROEX), and Canada has joined in consultations requested by other members concerning Japanese pork import measures, Brazil's automotive investment measures and the EU's customs classification of computer equipment. These consultations may lead to the establishment of panels.

In July 1996, a WTO panel established to examine complaints brought by Canada, the European Union and the United States ruled that Japan's liquor tax system significantly discriminated against imports in a manner inconsistent with Japan's WTO obligations. Consequently, the panel recommended that Japan bring its measures into conformity with the established trade rules. Japan is finalizing the precise terms under which its tax regime will be amended, and the result will be significantly improved access for Canadian-produced whisky to Japan's \$25 billion a year liquor market.

Canada has benefitted from the improved dispute settlement mechanism in two other cases it launched since the creation of the WTO. Mutually agreeable solutions were found with Korea regarding that country's measures affecting the import and sale of bottled water, and with the European Union concerning French regulations on scallops.