

with a view to strengthening and improving these rules. As the Committee noted, Canada's principal concern in this area is the use of anti-dumping measures by the United States against Canadian exports. Given this, and the fact that there are currently no immediate prospects for conducting multilateral negotiations on this issue, the Government will continue its efforts to seek improvements to the application and operation of anti-dumping systems in the hemisphere. At the same time, Canada, as a major user of anti-dumping measures, must also seek to maintain the effectiveness of anti-dumping remedies.

The Government agrees with Recommendation No. 18 that subsidy disciplines must be pursued under the WTO Agreement on Subsidies and Countervailing Measures, rather than on a hemispheric basis. Given the fact that non-FTAA members would not be subject to any new subsidy disciplines negotiated in a hemispheric agreement, they could continue to disrupt markets within the hemisphere and elsewhere. It would therefore be preferable that new subsidy disciplines in the hemisphere be accomplished in tandem with equivalent multilateral disciplines.

With respect to agriculture subsidies, however, the Government will continue to explore possible ways to achieve the agreed objectives of eliminating export subsidies affecting agricultural trade within the hemisphere, preferably by negotiating the multilateral elimination of export subsidies in the WTO.

Regarding the application of countervailing duties, Canadian producers have been concerned over the application of the US countervailing duty regime as it has been applied against Canadian exports. In this regard, the FTAA negotiations provide the Government with an opportunity to seek improvements and clarifications to the operation of countervailing duty laws in the hemisphere in order to mitigate their impact on Canadian exports.

The Government agrees with Recommendation No. 20 that it may be desirable to establish a transitional safeguard mechanism to protect Canadian producers from unforeseen difficulties associated with hemispheric trade liberalization. Any such transitional mechanism would likely include provisions such as: limiting safeguard actions to the suspension of duty reductions or increasing duties to no more than

